



# Energy Analysis

EA 2008-1

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## 2004-2006 PERFORMANCE BENCHMARKS FOR NATURAL GAS UTILITIES

### I. INTRODUCTION

Summary data of gas utility financial profiles and performance appear in this Energy Analysis. The intent is to provide industry participants and observers with relative measures of financial returns and operational efficiencies of natural gas distribution companies. For this study, the American Gas Association (AGA) collected data from its members. The data source for these benchmarking metrics is the Uniform Statistical Report (USR), which is administered annually by AGA on behalf of its member companies. Results are presented for the years 2004 through 2006. Additional information, some of which is company specific, is included in an attachment to this analysis and available only to AGA member companies.

For study purposes, the gas utility industry is segmented into distinct groups: investor-owned gas-only utilities, investor-owned combination gas and electric utilities, and municipally-owned gas utilities. Summary results are segmented in this sample accordingly. Comprehensive details are provided in the appendices.

### II. BACKGROUND

*THE NATURAL GAS DISTRIBUTION INDUSTRY.* Approximately 1,400 utilities distribute natural gas to end-use consumers in the United States. For this analysis, a total of 65 utilities were examined for 2006, 73 companies were studied for 2005, and 77 firms were included in the 2004 sample.<sup>1</sup> They are located across the United States, and each company has a unique combination of scale, load profile, and climatic attributes. In aggregate, the firms included in this study accounted for 38 percent of the natural gas consumed in 2006, 37 percent in 2005, and 35 percent in 2004.<sup>2</sup> *Given this sample size, any inferences about the sample's depiction of the entire industry are accordingly limited.*

Many AGA member companies are gas-only, investor-owned utilities, as are most companies in this analysis. These companies earn returns that accrue to their investors. State-level public utility commissions regulate their operations, finance, and capital investment activities.

<sup>1</sup> This set number was determined after eliminating member companies for whom data was either incomplete or not provided. Firms with zero net income are excluded from the analysis. This is not a scientific sample in that sample stratification by segment type does not reflect population stratification. See Appendix 9 for list of companies included.

<sup>2</sup> Natural gas distributed for end-use consumption totaled 19.9 Tcf in 2006, 20.4 Tcf in 2005, and 20.6 Tcf in 2004. U.S. Department of Energy / Energy Information Administration, *Natural Gas Monthly*.

Combination utilities have the franchise rights to transport and sell both gas and electric power commodities. These are also investor-owned firms with financial obligations to shareholders. Like the gas-only investor-owned firms, these companies are subject to various state and federal regulations.

Municipal utilities are publicly owned by the citizens of the jurisdictions that the utilities serve. Local governments enjoy tax-free bond-issuing capabilities, usually at interest rates lower than can be obtained by investor-owned utilities. Ultimately, such debt is usually collateralized by these utilities' abilities to secure tax revenue to back up debt commitments. What an investor-owned utility would pay out in dividends accrues instead to the municipal company's citizen-shareholders in the form of lower rates. Municipal utility regulation is performed primarily by local governments as opposed to state-level commissions.<sup>3</sup>

*DESCRIPTION OF DATA SOURCES.* Financial data about AGA member companies are drawn from the Uniform Statistical Report (USR). Member company staff prepares these standardized forms annually for collection by AGA, but companies may choose to withhold any or all of the requested data. Some of the USR duplicates the information found in audited end-of-year financial statements, but the USR requests additional information, such as heating degree-day profiles, type of sales by customer class, number of customers served, and various employment profile statistics. Data for miles of mains came from the U.S. Department of Transportation, Office of Pipeline Safety.

*DATA LIMITATIONS.* Since the data used for this analysis are annual figures only, a few inferential limitations should be noted. First, a single year's data for gas distribution operations are influenced by weather patterns for that year. For the United States as a whole, 2006 was 11.6 percent warmer than normal, 2005 was 4.9 percent warmer than normal, and 2004 was 6.3 percent warmer than normal.<sup>4</sup> The deviation between actual heating degree days (HDDs) versus historic normals will vary by location. This in turn suggests that utility benchmarks may slightly overstate or understate overall utility financial performance or efficiency of operations when impacted by weather.

Another limitation is that the ability to perform trend analysis is somewhat limited. While three years' worth of data are presented here, comparison of actual values (total revenues for example) from year to year can be distorted by changes in sample size. Also, variances in weather can affect these trends. Finally, the data set covers only three years and this limits the ability to compare longer-term trends.

Sample size and composition must also be considered as a potential limitation. The industry segment sample sizes used in this study are not consistently proportional to their respective populations. Additionally, the sample size—measured both in number of companies, and more importantly as percentage of total gas deliveries—has varied over time. Finally, specific company participation in the data collection changes from year to year. **This makes annual comparisons of absolute values, such as total number of therms sold, difficult and any resulting conclusions suspect.** However, the purpose of ratio analysis is to address this problem and facilitate annual comparisons.

One final consideration is the increased prevalence of transportation services to gas utilities. Transportation customers represent about five percent of total customers, yet these

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<sup>3</sup> Note that relatively few financial profiles were available for the municipal segment. The operations data used here considers only gas activities. The financial profiles of gas-only and combination municipal utilities are blended together for summary purposes.

<sup>4</sup> Source: AGA *Gas Facts*, Table 6-16.

customers account for more than one-third of total gas delivered. A growing percentage of transportation volumes impacts metrics based on total gas revenue.

### III. BENCHMARKING METRICS

Benchmarking metrics created for this study take several forms. Typical accounting ratios, based on income statements and balance sheets, serve as financial performance indicators. Financial statements are also recast in same-size formats, which present line items in percentage terms. Other benchmarks describe numbers of employees, meters, and volumes of gas throughput. All AGA data are summarized so that no individual company statistics are revealed. Additionally, summaries are created which divide the industry into type-of-company segments. These include gas utilities, combination gas and electric utilities, and municipally owned gas utilities.<sup>5</sup> Appendix 2 is a series of charts that display the range of observations for selected benchmarking metrics. Appendix 9 shows the list of companies that were included in this analysis.

- *Utility Operating Profiles - Absolute Values (Section IV-A and Appendix 3a).* System profiles are summarized here by type of company. This data includes information on gas volumes delivered as well as the number of customers by class.
- *Financial Statements - Absolute Values (Section IV-B and Appendix 3b).* Income statement and balance sheet data are summarized here by type of company.<sup>6</sup> Income statement amounts are expressed in absolute dollars in Appendix 3b. Note that these items represent gas operations only.
- *Financial Statements - Same-Size Analysis (Appendix 3c).* The financial statement data shown in absolute values are re-cast in percentage terms for a same-size analysis. Income statement line items are in percentages relative to operating revenue while balance sheet items are expressed as a percentage of total assets. This shows the disposition of a firm's revenue and composition of its asset base without respect to the size of an individual firm.
- *Financial Statements - Per Cost Driver (Section IV-B and Appendix 3d).* Income statements are shown in several formats: per therm delivered, per customer served, per dollar value of gas plant in service, and per mile of main in operation.
- *Financial Ratios (Section IV-D and Appendix 3e).* These are conventional financial analysis tools, and they compare a company's financial status to other firms or types of firms. Ratios are calculated from group totals or weighted averages (explanations are provided in the Glossary, Appendix 1).
- *O&M Detail Analysis (Section IV-C and Appendix 4).* These cost elements represent major gas delivery activities, starting with purchase or production and continuing sequentially through transmission, distribution, customer service, sales activities, and administrative and general (A&G) accounting. These results are also arrayed by type of company. Benchmarks for these data are created by expressing each line item on a basis of annual costs per therm delivered. See Table 3 for more detail.

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<sup>5</sup> See Glossary in Appendix 1 for a definition of these categories.

<sup>6</sup> Appendix 3a financial statements are in thousands of dollars.

- *Debt Analysis - Ratios (Section IV-E)*. Data are presented to highlight various measures of debt. These include debt as a percent of capitalization and interest coverage ratios. The data in this section necessarily include both gas and electric operations.
- *Wages and benefits: Ratios and Same-Size Analysis (Section IV-G and Appendix 5)*. Data about utility employment and benefits profiles are included. These measures are intended to illustrate the norms for staffing levels and expenses as they vary by type of firm. Benchmark measures include:
  - ▶▶ Total salaries and wages per employee
  - ▶▶ Total benefits and pensions per employee
  - ▶▶ Ratio of total benefits to total compensation
  - ▶▶ Annual therm throughput per employee
  - ▶▶ Average annual customers served per employee
- *Profitability (Section IV-F and Appendix 6)*. Profitability is expressed here in terms of return on assets (ROA) as well as return on common equity. Since ROA measures the returns attributable to operations (prior to finance costs), ROA is used to describe the relative economic efficiency of natural gas distribution by industry segment. This section will examine selected cost drivers-- numbers of therms sold, of customers served, dollars of gas plant utilized, and miles of pipe in service-- to evaluate each in terms of its impact on ROA. Additionally, return on equity indicates the rate of return that a firm earns on its equity base. See Table 6 for more detail.

## **IV. BENCHMARK DISCUSSION**

### **IV-A. OVERVIEW**

Benchmark summaries are presented here in order of accounting process: revenues are discussed first, followed by O&M costs, operating income, debt management, capitalized income values, and profitability. Finally, wage and benefit profiles are discussed. Table 1 summarizes the scope and scale of the companies studied. It is important to emphasize that the following data are meant to illustrate the typical company studied in this sample and absolute values should not be extrapolated to the industry as a whole. This is especially true of the average number of customers.

<b>TABLE 1</b>			
<b>UTILITY PROFILES</b>			
<b>STATISTICAL SUMMARY, BY INDUSTRY SEGMENT</b>			
<b>DATA BASED ON SEGMENT AVERAGES</b>			
	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>All Companies</b>	<b>77 Firms</b>	<b>73 Firms</b>	<b>65 Firms</b>
Number of gas customers	532,112	567,953	651,589
Annual therms delivered ('000)	928,140	1,026,994	1,176,501
Annual therms delivered per account	1,972	2,195	1,889
Therms delivered per \$1,000 of gas plant	1,000	1,007	927
Density of system <sup>2</sup>	61.4	67.7	62.2
Firm sales <sup>3</sup>	91.0%	90.8%	90.8%
<b>Gas utilities</b>	<b>52 Firms</b>	<b>48 Firms</b>	<b>45 Firms</b>
Number of gas customers	507,736	582,870	636,301
Annual therms delivered ('000)	951,949	1,137,638	1,190,433
Annual therms delivered per account	2,093	2,110	1,988
Therms delivered per \$1,000 of gas plant	1,028	1,029	902
Density of system <sup>2</sup>	59.9	66.4	61.2
Firm sales <sup>3</sup>	90.2%	90.3%	89.3%
<b>Comb. Gas &amp; Electric Utilities<sup>1</sup></b>	<b>17 Firms</b>	<b>16 Firms</b>	<b>14 Firms</b>
Number of gas customers	773,343	734,300	883,591
Annual therms delivered ('000)	1,174,895	1,128,811	1,514,532
Annual therms delivered per account	1,961	1,966	1,831
Therms delivered per \$1,000 of gas plant	982	1,065	1,104
Density of system <sup>2</sup>	61.8	71.0	59.9
Firm sales <sup>3</sup>	97.7%	96.7%	98.1%
<b>Municipal Utilities</b>	<b>8 Firms</b>	<b>9 Firms</b>	<b>6 Firms</b>
Number of gas customers	177,946	192,669	224,910
Annual therms delivered ('000)	249,028	255,887	283,269
Annual therms delivered per account	1,577	1,493	1,286
Therms delivered per \$1,000 of gas plant	860	783	697
Density of system <sup>2</sup>	70.0	68.4	74.7
Firm sales <sup>3</sup>	82.1%	82.7%	85.3%

Source: AGA, USR and US Department of Transportation, Office of Pipeline Safety.

<sup>1</sup> Data for "Combination Gas & Electric Utilities is from gas operations only.

<sup>2</sup> "Density" refers to the number of customers per mile of pipe in service.

<sup>3</sup> "Firm Sales" is expressed as a percentage of total annual therm volume delivered.

#### IV-B. REVENUE PERFORMANCE

Figure 1 shows the allocation of average revenue for the three years studied. Table 2 summarizes average industry revenue performance by segment. Weather patterns impacted revenues per customer, while changing gas costs impacted both revenues per customer and per therm.

TABLE 2

## UTILITY REVENUE PERFORMANCE

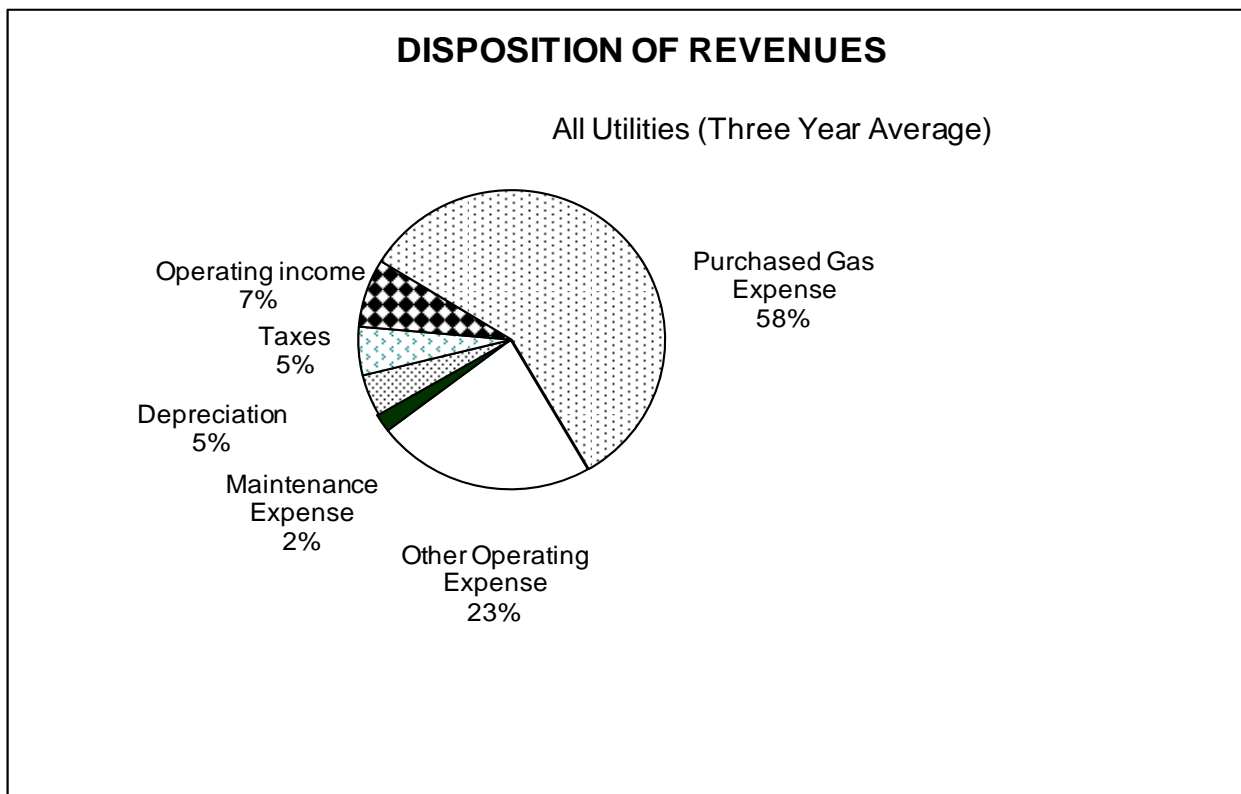
Annual Average Values per Group  
Data Based on Segment Averages

	2004	2005	2006
<b>All Companies</b>			
Operating revenue ('000)	\$638,983	\$783,387	\$875,061
Per customer	\$1,359	\$1,552	\$1,535
Per therm	\$0.7773	\$0.8835	\$0.9203
Gross sales margin (Rev. less Pur. Gas, '000)	\$227,205	\$256,376	\$295,334
Per customer	\$471	\$498	\$493
Per therm	\$0.285	\$0.284	\$0.312
Collection period (days)	35.5	42.9	34.2
<b>Gas Utilities</b>			
Operating revenue ('000)	\$621,463	\$812,184	\$861,251
Per customer	\$1,394	\$1,569	\$1,560
Per therm	\$0.7709	\$0.8479	\$0.8925
Gross sales margin (Rev. less Pur. Gas, '000)	\$221,664	\$266,512	\$292,027
Per customer	\$498	\$512	\$515
Per therm	\$0.295	\$0.271	\$0.319
Collection period (days)	37.1	47.2	36.3
<b>Comb. Gas &amp; Electric Utilities<sup>1</sup></b>			
Operating revenue ('000)	\$876,997	\$973,261	\$1,149,842
Per customer	\$1,218	\$1,441	\$1,492
Per therm	\$0.7254	\$0.8560	\$0.9173
Gross sales margin (Rev. less Pur. Gas, '000)	\$311,107	\$320,644	\$388,364
Per customer	\$418	\$465	\$470
Per therm	\$0.259	\$0.294	\$0.290
Collection period (days)	28.6	31.8	27.8
<b>Municipal Utilities</b>			
Operating revenue ('000)	\$247,085	\$292,250	\$337,475
Per customer	\$1,430	\$1,661	\$1,453
Per therm	\$0.9290	\$1.1216	\$1.1365
Gross sales margin (Rev. less Pur. Gas, '000)	\$84,926	\$88,059	\$103,063
Per customer	\$411	\$473	\$381
Per therm	\$0.276	\$0.333	\$0.303
Collection period (days)	40.4	39.7	33.5

Source: AGA

<sup>1</sup> Figures for gas operations only.

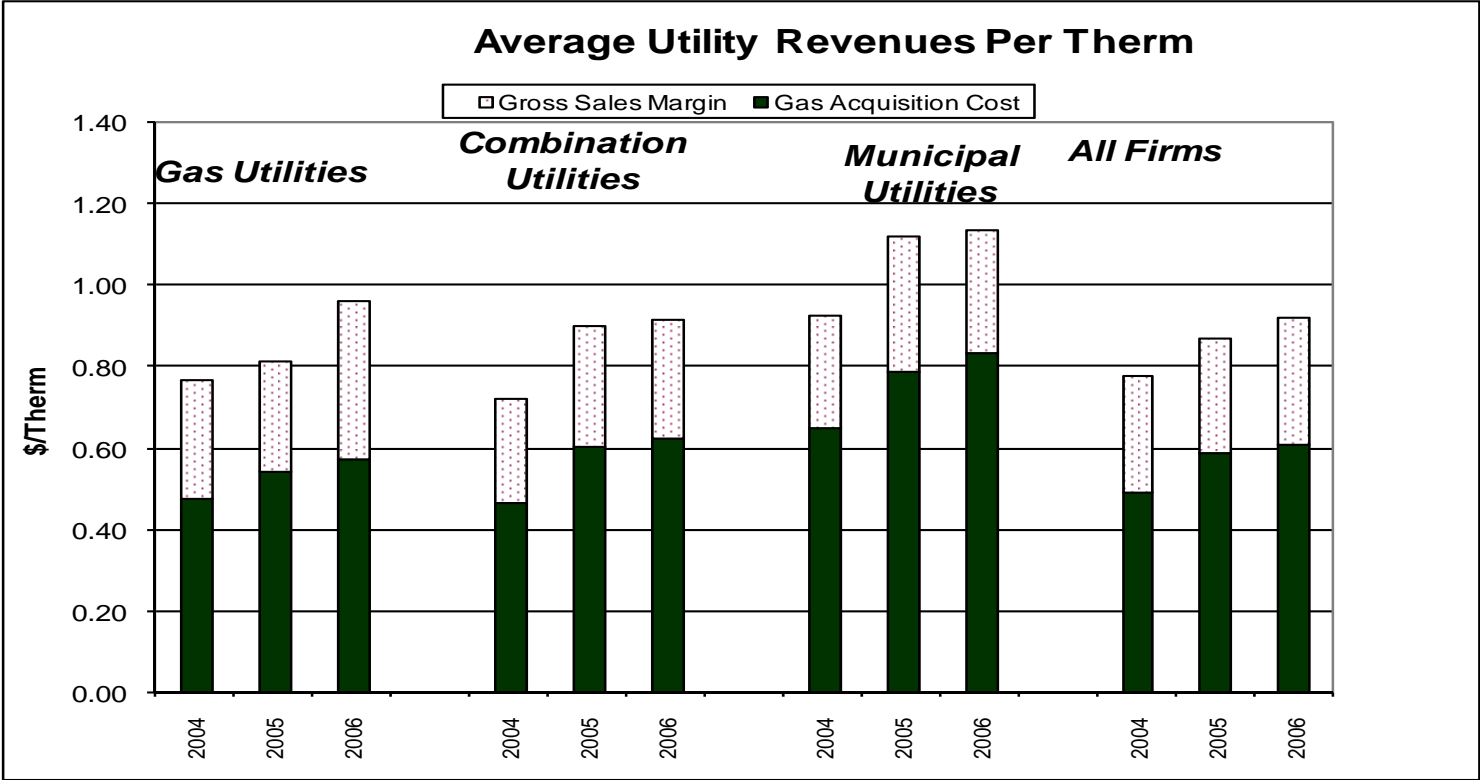
**FIGURE 1**



**IV-C. O&M ANALYSIS**

Operations and maintenance (O&M) expenses are those costs specifically attributable to current-year gas distribution activity. These are cost items that are incurred within an annual time period (as opposed to costs amortized over a period of years as is the case with finance costs and depreciation). A presentation of O&M costs on a per-therm basis will facilitate a comparison of cost efficiencies attained by the various industry segments. Table 3 shows average O&M expense detail for the years studied for the combination and gas utility segments.

FIGURE 2



Source: AGA, USR.



**TABLE 3**

**UTILITY O&M DETAIL ANALYSIS**

	GAS UTILITIES			COMBO UTILITIES <sup>1</sup>		
	2004	2005	2006	2004	2005	2006
<b>VALUES PER THERM</b>						
Gas-only revenues	\$0.7709	\$0.8479	\$0.8925	\$0.7254	\$0.8560	\$0.9173
Purchased-gas expense	\$0.4032	\$0.4567	\$0.4771	\$0.4636	\$0.6176	\$0.5576
Gross sales margin	\$0.2953	\$0.2710	\$0.3194	\$0.2587	\$0.2941	\$0.2903
Total production costs <sup>2</sup>	\$0.4755	\$0.5465	\$0.5730	\$0.4667	\$0.6061	\$0.6271
Storage & LNG	0.0044	0.0060	0.0059	0.0014	0.0019	0.0016
Transmission	0.0054	0.0083	0.0089	0.0077	0.0105	0.0054
Distribution	0.0417	0.0352	0.0437	0.0341	0.0409	0.0374
Customer accounts	0.0271	0.0263	0.0309	0.0248	0.0270	0.0271
Customer svc. & info.	0.0017	0.0022	0.0039	0.0074	0.0070	0.0092
Sales	0.0030	0.0024	0.0030	0.0025	0.0031	0.0031
<u>Admin. &amp; general</u>	<u>0.0582</u>	<u>0.0536</u>	<u>0.0624</u>	<u>0.0435</u>	<u>0.0541</u>	<u>0.0458</u>
Total O&M	\$0.6005	\$0.6913	\$0.7316	\$0.5879	\$0.7507	\$0.7567
<b>SAME-SIZE ANALYSIS</b>						
Gas-only revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Purchased-gas expense	52.3%	53.9%	53.5%	63.9%	72.2%	60.8%
Gross sales margin	38.3%	32.0%	35.8%	35.7%	34.4%	31.6%
Total production costs <sup>2</sup>	61.7%	64.4%	64.2%	64.3%	70.8%	68.4%
Storage & LNG	0.6%	0.7%	0.7%	0.2%	0.2%	0.2%
Transmission	0.7%	1.0%	1.0%	1.1%	1.2%	0.6%
Distribution	5.4%	4.2%	4.9%	4.7%	4.8%	4.1%
Customer accounts	3.5%	3.1%	3.5%	3.4%	3.2%	3.0%
Customer svc. & info.	0.2%	0.3%	0.4%	1.0%	0.8%	1.0%
Sales	0.4%	0.3%	0.3%	0.3%	0.4%	0.3%
<u>Admin. &amp; general</u>	<u>7.5%</u>	<u>6.3%</u>	<u>7.0%</u>	<u>6.0%</u>	<u>6.3%</u>	<u>5.0%</u>
Total O&M	77.9%	81.5%	82.0%	81.1%	87.7%	82.5%

Source: AGA, USR.

<sup>1</sup> Figures for gas operations only.

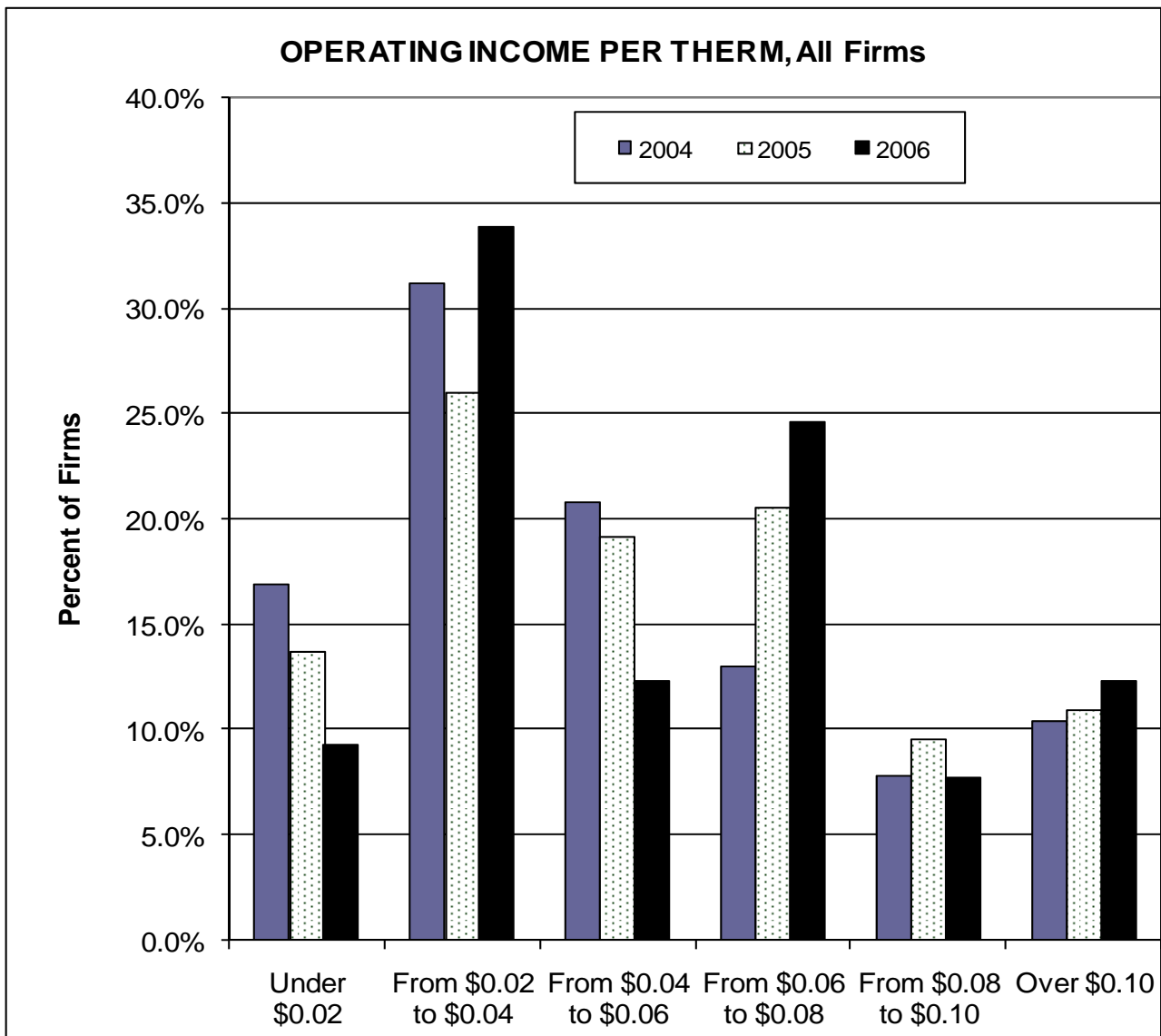
<sup>2</sup> Purchased-gas expense is subsumed within total production costs.

**NOTE:** Figures do not sum precisely due to independent rounding.

#### IV-D. INCOME ANALYSIS

Operating income, by accounting definition, represents revenues net of operations expenses. Operating income does not net out capital cost-related expenses such as interest and amortization. A summary of operating income, then, allows a comparison of efficiency in gas distribution. Figure 3 shows the dispersion of individual companies' operating income per therm. Table 4 shows average operating income results by type of firm.

**FIGURE 3**



Source: AGA, USR.

TABLE 4

## UTILITY INCOME STATEMENT HIGHLIGHTS

AVERAGE VALUES PER GROUP, GAS OPERATIONS ONLY

	GAS UTILITIES			COMBO UTILITIES <sup>1</sup>		
	2004	2005	2006	2004	2005	2006
Operating revenue, \$000	\$621,463	\$812,184	\$861,251	\$876,997	\$973,261	\$1,149,842
Total O&M, \$000	\$500,199	\$667,524	\$707,894	\$712,188	\$823,708	\$953,324
Operating income, \$000	\$44,728	\$53,953	\$57,926	\$77,443	\$54,804	\$73,445
<b>Percent of Revenue</b>						
Total O&M	80.4%	81.5%	82.6%	81.2%	83.2%	82.5%
Operating income	7.2%	7.4%	6.9%	8.8%	6.8%	7.0%
<b>Per Therm</b>						
Revenue	\$0.771	\$0.848	\$0.893	\$0.725	\$0.856	\$0.917
Total O&M	0.617	0.691	0.732	0.588	0.712	0.757
Operating income	0.062	0.063	0.065	0.058	0.058	0.064
<b>Per Customer</b>						
Revenue	\$1,394	\$1,569	\$1,560	\$1,218	\$1,441	\$1,492
Total O&M	1,135	1,305	1,299	995	1,198	1,232
Operating income	102	105	106	112	104	106
<b>Per Dollar of Gas Plant</b>						
Revenue	\$0.665	\$0.722	\$0.683	\$0.635	\$0.732	\$0.754
Total O&M	0.550	0.607	0.575	0.524	0.611	0.623
Operating income	0.043	0.044	0.042	0.043	0.051	0.053
<b>Per Mile of Main<sup>2</sup></b>						
Revenue	\$85,099	\$109,015	\$100,146	\$76,882	\$104,098	\$88,404
Total O&M	68,051	89,727	82,735	62,464	87,393	73,110
Operating income	6,590	7,596	6,918	6,084	7,121	6,324

Source: AGA, USR.

<sup>1</sup> Figures for gas operations only.<sup>2</sup> Miles of main only.

## IV-E. DEBT ANALYSIS

Historically, utilities have operated in a regulated environment. Therefore, debt instruments and their management have been prominent items on the utilities' financial agendas. Debt has traditionally represented a large share of utility capitalization. This is due to the historically regulated environment in which utilities have operated. The presence of regulatory oversight, from an investor's perspective, suggests less risk, more stable cash flow, and generally better debt ratings and interest coverage from cash flow. Historically, this made the utility industries attractive to bond investors. As for utilities, the containment of interest and other debt-related carrying costs can have a decisive impact on the overall profitability of operations.

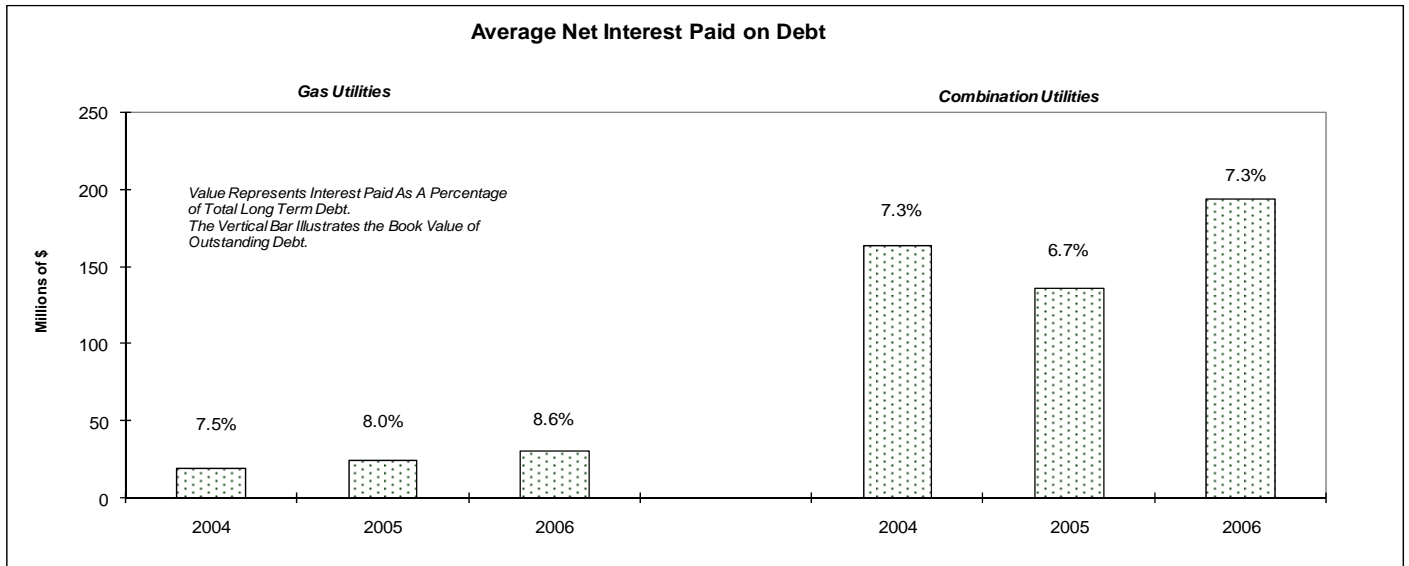
The total cost of capital for a utility reflects that of both debt and equity financing.<sup>7</sup> Table 5 shows summary descriptors of capital costs for utilities by industry segment.

<b>TABLE 5</b>			
<b>UTILITY DEBT AND DEBT COVERAGE</b>			
<b>AVERAGE VALUES</b>			
	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Gas utilities</b>			
Total LT Debt to Total Assets	22.2%	22.5%	23.2%
LT Debt to Total Capitalization	37.0%	40.1%	40.9%
EBITDA Interest Coverage	8.6x	8.9x	5.9x
<b>Combination Utilities<sup>1</sup></b>			
Total LT Debt to Total Assets	33.1%	31.3%	33.0%
LT Debt to Total Capitalization	52.5%	52.6%	52.9%
EBITDA Interest Coverage	5.9x	5.8x	5.5x

Source: AGA, USR.

<sup>1</sup> Figures represent combined gas and electric operations.

**FIGURE 4**



**Note:** Combination utility figures represent combined gas and electric operations.

Note again that the discussion of combination utility debt and capital structure cannot be limited to gas operations. Therefore, this portion of the analysis necessarily considers combined-commodity financial performance. The combination utilities feature a diversity of

<sup>7</sup> For combination utilities, such measures necessarily reflect combined gas and electric financials. Some municipal utilities in this study have similar combined activity financing.

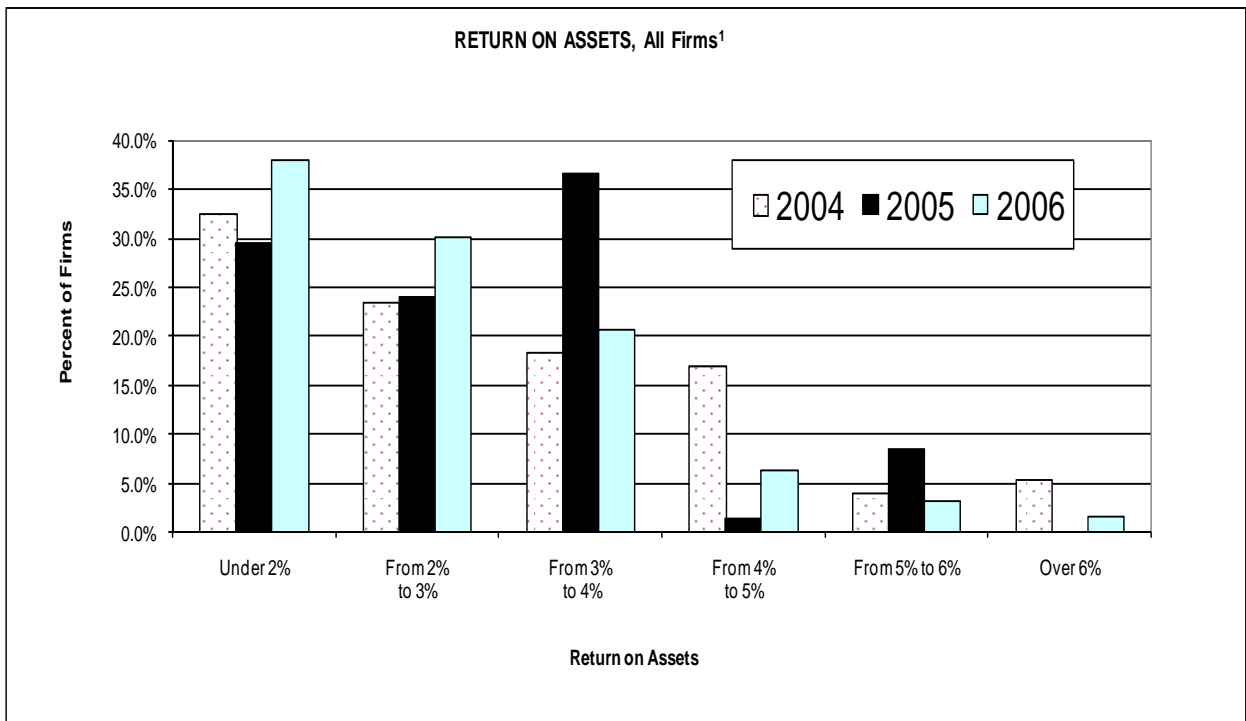
commodity sales and stabilized electric base-load operations attributable to base-load (i.e., not weather-driven) sales.

#### IV-F. PROFITABILITY ANALYSIS

For this study, profitability is expressed in terms of return on assets (ROA), which relates net income to the value of the asset base that generated that income. Stated differently, ROA measures how well a company's assets "work" to generate income from operations. As such, ROA is convenient for comparing the operating results across companies within an industry.

Figure 5 shows the dispersion of individual company ROA results. Table 6 shows profitability measures for both gas and combination utilities for the years studied.

**FIGURE 5**



<sup>1</sup> When referring to combined gas and electric operations, the balance sheet items (i.e., total end-of-year assets) refer to the total firm, which could include non-utility assets, gas transmission assets and "other" utility assets (e.g., water), while income statement items (i.e., total revenues) refer to only gas and electric utility distribution operations combined. As a result, these ratios may differ from other reports that consolidate income statement items for the total firm.

While ROA is typically measured as the ratio of net income to assets, it can also be expressed as asset turnover multiplied by profit margin. Asset turnover measures a firm's ability to generate sales from its fixed asset base. The second component of ROA is profit margin, or return on sales. This measures the operating profit per dollar of sales.

<b>TABLE 6</b>			
<b>UTILITY PROFITABILITY INDICATORS</b>			
<b>AVERAGE VALUES</b>			
	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Gas Utilities</b>			
Asset Turnover	0.71X	0.71X	0.73X
Financial Leverage	61.5%	67.6%	65.1%
Equity Multiplier	3.01x	3.50x	3.21x
Profit Margin	6.2%	4.9%	4.6%
ROA <sup>2</sup>	3.1%	2.4%	2.2%
ROE <sup>2</sup>	8.3%	7.0%	5.9%
Current Ratio	1.06	1.02	0.93
Current Assets/Total Assets	23.2%	26.6%	20.4%
<b>Combination Utilities<sup>1</sup></b>			
Asset Turnover	0.42X	0.46X	0.44X
Financial Leverage	69.1%	70.3%	69.4%
Equity Multiplier	3.71x	3.93x	3.51x
Profit Margin	8.3%	5.1%	5.8%
ROA <sup>2</sup>	3.3%	2.5%	2.4%
ROE <sup>2</sup>	9.0%	9.1%	8.1%
Current Ratio	1.34	1.22	1.11
Current Assets/Total Assets	12.9%	16.3%	11.8%

Source: AGA, USR.

<sup>1</sup> Figures represent combined gas and electric operations.

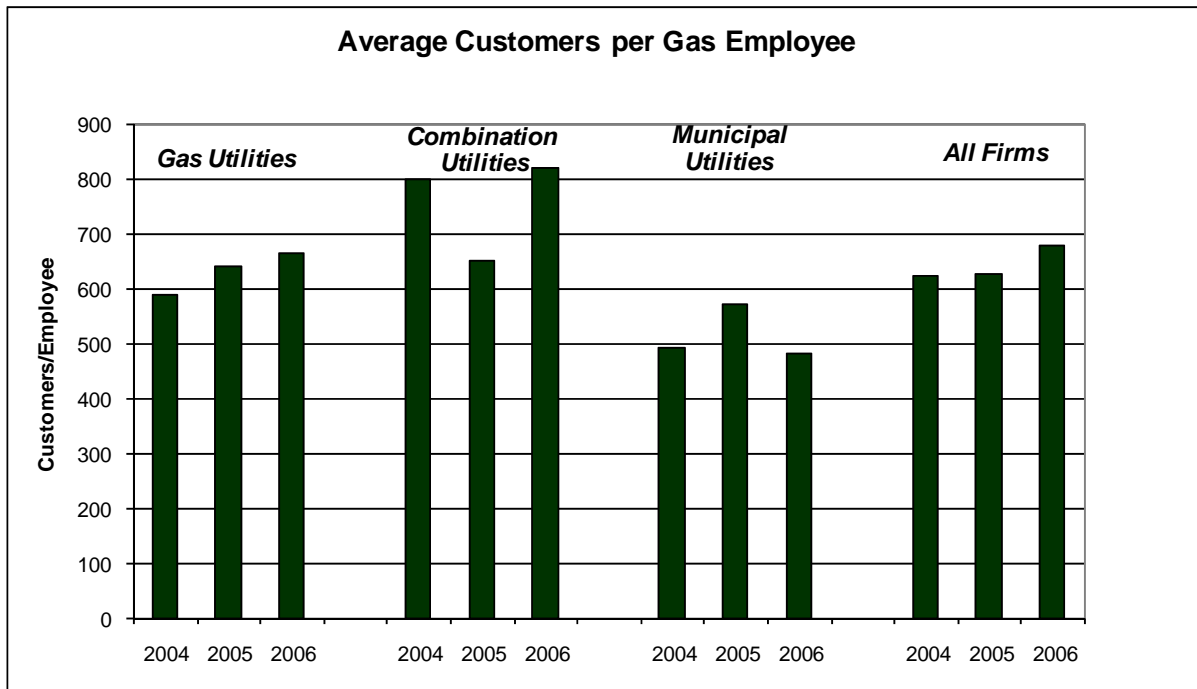
<sup>2</sup> When referring to combined gas and electric operations, the balance sheet items (i.e., total end-of-year assets) refer to the total firm, which could include non-utility assets, gas transmission assets and "other" utility assets (e.g., water), while income statement items (i.e., total revenues) refer to only gas and electric utility distribution operations combined. As a result, these ratios may differ from other reports that consolidate income statement items for the total firm.

Another measure of profitability is return on common equity (ROE). This differs from ROA in that it takes into account the impact of a firm's capital structure on its profitability. The capital structure of a firm can be examined in many different ways. ROE can be expressed as ROA multiplied by the equity multiplier. The equity multiplier (shown in Table 6) measures a firm's assets relative to its common stock equity. An increase in a firm's level debt financing (an increase in liabilities) will cause a reduction in stockholders equity. This will cause the equity multiplier to rise and thereby increase total ROE. The rise in ROE compensates equity holders for the increased risk they must bear as the firm increases its level of debt.

#### IV-G. LABOR PRODUCTIVITY AND WAGE ANALYSIS

Current industry interest in restructuring, efficiency, and cost effectiveness often calls attention to staffing and wage profiles. Figure 6 and Table 7 summarize wage and benefit values by industry segment.

**FIGURE 6**



Source: AGA, USR.

**TABLE 7**  
**UTILITY WAGES AND BENEFITS**  
**AVERAGE VALUES PER EMPLOYEE AT YEAR-END**

	2004	2005	2006	3-Year Average
<b>All Firms</b>				
Number of employees at year-end	797	848	676	774
Total salaries and wages	\$60,892	\$62,854	\$69,479	\$64,408
Total benefits and pensions	\$15,969	\$17,793	\$19,481	\$17,748
Total salaries, benefits, and pensions	\$76,861	\$79,749	\$88,960	\$81,857
Ratio of total benefits to total compensation	21.1%	23.8%	23.2%	22.7%
Therms sold per employee	1,222,241	1,254,449	1,246,786	1,241,159
Customers per employee	622	627	676	642
<b>Gas Utilities</b>				
Number of employees at year-end	785	843	903	844
Total salaries and wages	\$60,774	\$64,565	\$68,764	\$64,701
Total benefits and pensions	\$15,560	\$16,830	\$17,883	\$16,758
Total salaries, benefits, and pensions	\$76,334	\$80,022	\$86,647	\$81,001
Ratio of total benefits to total compensation	20.0%	23.2%	21.6%	21.6%
Therms sold per employee	1,215,866	1,314,237	1,276,154	1,268,752
Customers per employee	587	639	664	630
<b>Combination Utilities<sup>1</sup></b>				
Number of employees at year-end	995	1,099	1,241	1,112
Total salaries and wages	\$64,524	\$64,099	\$66,324	\$64,982
Total benefits and pensions	\$17,849	\$22,642	\$24,092	\$21,528
Total salaries, benefits, and pensions	\$82,372	\$86,742	\$97,358	\$88,824
Ratio of total benefits to total compensation	22.5%	24.5%	25.7%	24.2%
Therms sold per employee	1,463,508	1,403,786	1,454,451	1,440,582
Customers per employee	799	650	818	756
<b>Municipal Utilities</b>				
Number of employees at year-end	459	457	481	466
Total salaries and wages	\$54,362	\$52,170	\$66,681	\$57,738
Total benefits and pensions	\$14,767	\$15,281	\$22,475	\$17,508
Total salaries, benefits, and pensions	\$69,129	\$67,450	\$89,156	\$75,245
Ratio of total benefits to total compensation	25.8%	26.5%	31.4%	27.9%
Therms sold per employee	779,549	726,518	616,088	707,385
Customers per employee	492	526	481	500

Source: AGA, USR.

<sup>1</sup> Figures for gas operations only.

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## APPENDIX1: GLOSSARY

**NOTE:** Immediately below some glossary items are references to the USR data field(s) which are the source for that item. The specific field reference is in the format (x,y) where x is the schedule and y is the line item on that schedule. For example, [(6, 21) divided by (2,1 / 365)] refers to Schedule VI, 21 divided by the result of Schedule II, line 1 divided by 365.

### **Absolute values; absolute dollars**

These numbers show the sum of the actual reported data of those companies responding to the survey.

### **Admin. and gen. expense (4,12)**

The overhead cost associated with office activities. Examples of such expenses include stationery, telephone service, office cleaning, heat and power, etc.

### **Asset turnover (2,1)/(6,36)**

A ratio which expresses sales revenue as a percentage of assets on-hand over corresponding accounting periods (usually one year). This ratio can be interpreted as the relative degree to which a company's assets "work" to generate sales revenue.

### **Assets (6,36)**

The total accounting value of a company's productive resources at a point in time (as on a balance sheet).

### **Average salaries, benefits, & pensions per employee [(13,6)+(13,10)]/(13,2)**

Total compensation to employees (wages, benefits, etc.) divided by number of employees.

### **Capitalization (6,51)**

The structure of a firm's long-term financing. "Capitalization" refers to the combination of debt and equity, which (in addition to retained earnings) is the monetary equivalent of the firm's assets.

### **Collection period (days) (6,21) / [(2,1)/365]**

An accounting measure that indicates the efficiency of revenue collections. This measure expresses an accounts receivable total in terms of the number of days of normal revenue collections that would be accumulated to make a sum equivalent to the accounts receivable balance.

### **Combination gas and electric company**

A business entity that distributes both gas and electricity to customers within a franchise territory.

### **Common equity (6,42)**

The total value of wealth given by investors to a company in return for ownership of shares (common stock) of that company's assets and retained earnings.

### **Current ratio (6,29)/(6,61)**

Current assets divided by current liabilities. An indication of a company's ability to meet short-term debt obligations; the higher the ratio, the more liquid the company is.

### **Customer**

An entity which enters into an account with a utility in order to receive natural gas for heating, power, feedstock, and other uses. For current purposes, an individual gas meter functionally represents each customer account. As such the terms "customer," "meter," and "account" are used interchangeably in this study.

### **Customers per employee [20,15)+(20,18)]/(8,2)**

Total customers (including both sales and transportation) divided by total employees.

**Customer accounts expense (4,9)**

The expense attributable to serving a customer. For utility operations, this includes metering, billing, and fixed charges incurred by customer hook-ups. Includes FERC System of Accounts 901 (Supervision), 902 (Meter reading expenses), 903 (Customer records and collection expenses), 904 (Uncollectable accounts), and 905 (Misc. customer accounts expenses).

**Customer accounts expense per therm (4,9)/[(20,15+20,18)]**

Customer accounts expense divided by total therms (including both sales and transportation volumes).

**Customer service and information (4,10)**

The expense attributable to all customer assistance and information operations. Bill remediation, bill inserts, and other communication with existing customers is included in this category. Includes FERC System of Accounts 907 (Supervision), 908 (Customer assistance expenses), 909 (Informational and instructional advertising expenses), and 910 (Misc. customer and informational expense).

**Customer service and information expense per therm (4,10)/[(20,15+20,18)]**

Customer service and information expense divided by total therms (including both sales and transportation volumes)

**Debt (6,50) + (6,54) + (6,61)**

The summed monetary value of a company's short- and long-term obligations to repay money that it has borrowed from lenders.

**Depreciation (2,4)**

The operating expense that, as an accounting mechanism, represents the predetermined annual write-down of a durable capital asset. Depreciation, as an accounting item, impacts net income and taxes. It is not a cash expenditure, but is an annual recognition of long-lived asset costs which are spread over the years that these assets are expected to be in operation.

**Distribution expense (4,8)**

The operating expense that represents the cost of moving natural gas from a utility's city gate to all the meters along the franchise's system of gas mains. Includes FERC System of Accounts 871 (Distribution load dispatching), 872 Compressor station labor and expenses), 873 (Compressor station fuel and power (Major only), 874 (Mains and service expenses), 875 (Measuring and regulating station expenses 0 General), 876 (Measuring and regulating station expenses – Industrial), 877 (Measuring and regulating station expenses – City Gate Check Stations), 878 (Meter and house regulator expenses), 879 (Customer Installation expenses), 880 (Other expenses), 881 ((Rents), 885 (Maintenance supervision and engineering), 886 (Maintenance of structure and improvements), 887 (Maintenance of mains), 888 (Maintenance of mains), 888 (Maintenance of compressor station equipment), 889 (Maintenance of measuring and regulating stations equipment – General 890 (Maintenance of measuring and regulating station equipment – Industrial), 891 (Maintenance of measuring and regulating station equipment – City Gate Check Stations), 892 (Maintenance of services), 893 (Maintenance of meters and house regulators), and 894 (Maintenance of other equipment).

**EBIT (2,18)+(2,8)**

A measure which describes, for an accounting period, the total company income net of operations expense, but not yet net of interest and tax expenses. This measure facilitates comparisons of companies' economic output after operations, capital depletion, and depreciation conventions.

**EBITDA (2,18)+(2,6)+(2,8)**

A measure which describes, for an accounting period, the total company income net of operations expense, but not yet net of interest, tax, depreciation, and amortization expenses. This measure facilitates comparisons of companies' economic output from operations.

**Equity multiplier (4,36)/(4,42)**

Total assets divided by total common stock equity. Used as a measure of corporate profitability.

**Fuel (4,1)**

Includes FERC System of Accounts 501, 518 and 547.

**Field**

An element of database structure that holds the recorded values for a specific attribute of interest common to all observations. See also *Uniform Statistical Report (USR)*.

**Financial leverage**  $[(6,50)+(6,54) ]+(6,61) ]+(6,67)]/(6,36)$ 

Total debt divided by total assets. Measures the employment of funds obtained at a fixed cost.

**Firm, percent**  $((20,1+20,2+20,3+20,5+20,7+20,9)/20,15)$ 

Total sales volumes of gas sold under the firm tariff divided by total sales volumes.

**Gas plant (6,2)**

The undepreciated capital facilities directly related to gas distribution. See also "total plant in service."

**Gas plant per customer**  $(6,2)/[(20,15)+(20,18)]$ 

Gas plant divided by total customers (including both sales and transportation).

**Gas plant per mile of main**  $(6,2)/(26,10)$ 

Gas plant divided by total miles of mains (from U.S. Dept. of Transportation).

**Gas utility**

A franchised gas distribution company, the equity value of which is held by shareholders in the form of stock. The earnings of such a company are distributed wholly or in part to shareholders in the form of dividends. Any earnings not distributed are retained by the company on its balance sheet.

**General & administrative costs per therm**  $(4,12)/[(20,15)+(20,18)]$ 

Expenses incurred by the utility not specifically assignable to operations or sales, such as overhead, general office, personnel, etc., divided by total customers (both sales and transportation).

**General & administrative costs per therm**  $(4,12)/[(20,15)+(20,18)]$ 

Expenses incurred by the utility not specifically assignable to operations or sales, such as overhead, general office, personnel, etc., divided by total therms (both sales and transportation volumes).

**Gross sales margin per customer or Gross margin per customer**  $[(2,1) - (4,2)]/[(20,15)+(20,18)]$ 

Defined as revenue, less purchased gas costs, divided by total customers, both sales and transportation. An accounting measure that describes the per-unit dollar value that remains after the acquisition cost of the unit is subtracted from the retail revenue received for that unit.

**Gross sales margin per therm or Gross margin per therm**  $[(2,1) - (4,2)]/[(20,15)+(20,18)]$ 

Defined as revenue, less purchased gas costs, divided by total delivered therms. An accounting measure that describes the per-unit dollar value that remains after the acquisition cost of the unit is subtracted from the retail revenue received for that unit. Includes both sales and transportation volumes.

**Heating Degree Days (HDD)**

A measure of the coldness of the weather experienced, based on the extent to which the daily mean temperature falls below a reference temperature, usually 65 degrees F.

**Implied long-term (LT) debt cost**  $(2,24)/(6,50)$ 

A proxy measure of the interest rate paid by utilities for long-term borrowing (obligations over one year). Data as collected on the USR did not request a breakout of short- versus long-term interest obligations. Therefore, a strict calculation of cost of long term debt (annual interest paid on long-term obligations divided by total long-term debt) was not possible. The implied cost relates net interest costs (interest of all types) to long-term debt. The result permits some distortion of true long-term debt costs.

**Interest coverage**  $[(2,18 + 2,4 + 2,6 + 2,8) \text{ divided by } (2,24)]$

The comparison of a company's financial returns to its interest payment obligations, for a specific accounting period. "EBITDA" is an income statement result; specifically, it means "earnings before interest, taxes, depreciation, and amortization." This ratio indicates the company's relative ability to generate the cash flow necessary to meet its interest payment obligations.

**Long-term debt** (6,50)

Financial instruments that become due on a date at least one year beyond the current accounting period. These include the mortgages and bonds, which represents a company's capital borrowings. By issuing debt, the company has an obligation to repay its lenders the amount borrowed plus regular increments of interest.

**Lower quartile (LQ)**

A statistical measure that describes a data value that is halfway between the median and the lowest value in the data set. Technically defined as the "first quartile." See "quartile" and "median."

**Mean** (Arithmetic – See Weighted Average.)

An average value; i.e., a single calculated value which is representative of a set of values. The mean is calculated by summing a set of observation values, then dividing that total by the number of observations that were used.

**Median (MED)**

A statistical measure describing the "middle position" for a sequence of observations, or the 50-percent position in a sequence of ordered observations (2<sup>nd</sup> quartile). See "quartile."

**Meter**

(See "customer")

**Miles of Main**

Length of utility system's distribution mains (excludes transmission and service lines) as reported by utilities to the US Department of Transportation, Office of Pipeline Safety.

**Municipal utility**

A type of gas distribution company that is owned by a local government entity and run on behalf of that entity's citizenry. Whereas investor-owned utilities usually pay out dividends to shareholders, the municipal utility's dividends accrue to the citizens in the form of a lower cost for energy.

**Net margin per customer**  $[(2,1)-(4,13)]/[(20,15)+(20,18)]$

Operating revenues less total O&M, with the result divided by total customers (includes both sales and transportation).

**Net margin per therm**  $[(2,1)-(4,13)]/[(20,15)+(20,18)]$

Operating revenues less total O&M, with the result divided by total therms (includes both sales and transportation volumes).

**Net worth**

The residual value of a company's assets after deducting liabilities.

**Operations and maintenance (O&M)** (20,13)

These are accounting summaries of expenditures attributable to company operations. Most importantly, these are expenses over which management has direction. These are distinct from (i.e., do not include) expenses imposed from outside of operations such as interest payments and amortization.

**Observation**

A single event for which an activity is recorded or measured. For a measurable event the unique record for any observation is that observation's value. For example, if the variable of interest is annual therms sold, then "1,000,000" may be the value of this variable for the single observation "ABC Company."

**Operating income (2,11)**

The financial outcome of a company that represents revenues earned less the expenses attributable to operations, including depreciation, amortization, and taxes (but not expenses such as interest payments, amortization, etc.).

**Operating revenue**

See revenue.

**Other production expenses (4,4)**

Includes FERC System of Accounts 805 (Other gas purchases and purchase gas adjustments), 806 (Exchange gas), 812 (Gas used for the utility operations), and 813 (Other gas supply expense).

**Profit margin (2,29)/(2,1)**

Net income available for common stockholders divided by total operating revenues (including electric for combination companies, since net income is not segmented by operational division).

**Purchased gas expense (4,3)**

The utility expenditure for the gas it buys on the market from producers, transmission companies, marketers, and other sources. Includes FERC System of Accounts 800 (wellhead purchases), 801 (field line purchases), 802 (plant outlet purchases), 803 (transmission line purchases), 804 (city gate purchases) LESS 804.1 (LNG), and 807 (Purchased or expense).

**Purchased gas cost per therm (4,3)/(20,15)**

Purchased gas expense divided by total sales volumes

**Quartile**

A statistical tool that analyzes a set of values that are sequenced by order of magnitude. Any set of ordered values can be divided into four quartiles. The first quartile is the observation reached after counting off the first 25 percent of the sequenced values (counting from the lowest value). The second quartile is the observation at the 50 percent position in the sequence; the third quartile is at the 75 percent position; and the fourth quartile is at the 100 percent position, which is also the highest value for the entire data set.

**Return on Assets (ROA) (2,29)/(6,36)**

A financial ratio that expresses net income as a percentage of assets. This ratio measures how well a company uses its assets to generate operating income.

**Return on Equity (ROE) (2,29)/(6,42)**

A financial ratio that expresses net income as a percentage of total common stock equity. This ratio measures how well investors in a firm are doing relative to other investments.

**Revenue (2,1)**

The receipts from utility operations and sales of gas, excluding non-utility and other income, before expenses are considered.

**Revenue per customer (2,1)/[(20,15)+(20,18)]**

Operating revenues divided by total meters, including transportation customers.

**Revenue per therm (2,1)/[(20,15)+(20,18)]**

Operating revenues divided by total therms, including transportation volumes.

**Sales expense (4,11)**

The cost of sales administration, including commissions overhead, materials, etc. Includes FERC System of Accounts 911 (Supervision), 912 (Demonstrating and selling expenses), 913 (Advertising expenses), and 916 (Misc. sales expenses).

**Same-size financial statement**

This is an alternative method of displaying income statement and balance sheet summaries. It is intended to facilitate comparisons across company types. As opposed to displaying absolute dollar values, the same-size statement presents each line item as a percentage of its aggregate total. The same-size income statement sets revenues at 100.0 and all other items are a percent of that total. The same-size balance sheet similarly sets total assets (as well as total liabilities and owners' equity) to 100.0.

**System density**  $[(20,15)+(20,18)]/\text{Miles of Main}$ 

Total customers (both sales and transportation) divided by total miles of mains (from the U.S. Dept. of Transportation). A ratio that describes the degree to which meters are "packed" onto a distribution system.

**Tax expense** (2,8)

The amount representing the utility's obligation to pay taxes, including sale, gross receipts, income, and property taxes. This total includes pass-through taxes collected by the utility on behalf of local government jurisdictions.

**Therm**

A unit of measurement for energy, equivalent to 100,000 British thermal units.

**Therms per customer**  $[(20,15)+(20,18)]/[(20,15)+(20,18)]$ 

Total therms (both sales and transportation) divided by total customers (both sales and transportation).

**Therms delivered per employee**  $[(20,15)+(20,18)]/(8,2)$ 

Total therms (both sales and transportation) divided by total employees.

**Total benefits** (13,10)

The annual compensation accruing to utility employees in the form of pensions, health care, insurance, and other non-payroll items.

**Total compensation** (13,6 + 13,10)

The total annual compensation accruing to utility employees, both as payroll and non-payroll compensation, as well as benefits.

**Total production expense** (4,5)

Combination of fuel (4,1), purchased gas (4,3), and other production expenses (4,4).

**Total O&M per customer**  $(4,13)/[(20,15)+(20,18)]$ 

All operations and maintenance expenses divided by total customers (includes both sales and transportation).

**Total O&M per therm**  $(4,13)/[(20,15)+(20,18)]$ 

All operations and maintenance expenses divided by total therms (includes both sales and transportation volumes).

**Total plant in service** (6,5)

The total value of utility plant as shown on the balance sheet. In the case of combination utilities, this will include gas and electric plant used for the purpose of power distribution.

**Transmission (4,7)**

The cost to a utility for moving natural gas purchases from its source to its city gate. Includes FERC System of Accounts 850 (Operations, supervision and engineering), 851 (System control and load dispatching), 852 (Communication system expenses), 853 (Compressor station labor and expenses), 854 (Gas for compressor station fuel), 855 (Other fuel and power for compressor stations), 856 (Main expenses), 857 (Measuring and regulating station expenses), 858 (Transmission and compression of gas by others), 859 (Other expenses), 860 (Rents), 861 (Maintenance supervision and engineering), 862 (Maintenance of structures and improvements), 863 (Maintenance of mains), 864 (Maintenance of compressor station equipment), 865 (Maintenance of measuring and regulating station equipment), 866 (Maintenance of communication equipment), 867 (Maintenance of other equipment), and 870 (Operation supervision and engineering).

**Transmission and distribution costs per customer [(4,7)+(4,8)]/[ (20,15)+(20,18)]**

Cost of transporting gas to the customer, divided by total customers (both sales and transportation).

**Transmission and distribution costs per therm [(4,7+4,8)/(20,15+20,18)]**

Cost of transporting gas to the customer, divided by total therms (both sales and transportation).

**Uniform Statistical Report (USR)**

The standardized reporting form used by the American Gas Association to collect financial and operating information from its individual member companies. The USR data is the source for information presented in this study.

**Upper quartile (UQ)**

A statistical measure, which describes a data value that, is halfway between the median and the highest value in the data set. Technically defined as the "third quartile." See "Quartile" and "Median."

**Value**

In statistics, a "value" is the recorded measurement for an individual observation. For example, if the variable of interest is "annual therms sold," then "1,000,000" may be the value of this variable for the single observation "ABC Company."

**Variable**

An attribute, more or less common to a set of observations, which is subject to measurement. For example, if the variable of interest is "annual therms sold," then "1,000,000" may be the value of this variable for the single observation "ABC Company."

**Weighted average**

A statistical measure for describing the mean or "central tendency" of a set of numeric observations. Weighted averages are used in this study to provide benchmark ratios per group or per industry segment. For these benchmark ratios and arithmetic (simple) average would be the mean value of the ratios calculated individually for each company. Instead, the weighted average ratio has as its numerator the sum of observations for that variable divided by the sum of observations for the denominator variable. For example, the density of distribution system metric for gas utilities relates the sum of all gas utility meters divided by the sum of all gas utility miles of pipe.

## APPENDIX 2: MULTI-YEAR CHARTS FOR ALL COMPANIES

Explanation of factors influencing results:

REVENUE: Impacted by weather, rate design, customer growth, the economy, allowed rates of return, taxes, depreciation expense, total O&M expense, and subsidiary operations.

REVENUE PER CUSTOMER: Determined by revenue and customer base (predominantly higher-consuming customer population yields larger results).

REVENUE PER THERM: Determined by revenue and customer base (predominantly smaller-consuming customer base yields larger results).

THERMS DELIVERED PER CUSTOMER: Influenced by weather and customer base (predominantly higher-consuming customer population yields larger results).

PERCENT FIRM SALES: Determined by customer base. Utilities with predominantly residential and small commercial customers tend to have higher values here. Large customers switching from sales to transportation tariffs also influence results.

PURCHASED GAS COST PER SALES THERM: Impacted by proximity to supplies (closer leads to lower transportation costs), interstate pipeline access (more competition leads to lower costs), volumes purchased (economies of scale), and purchasing strategies (spot versus contracts, storage refill, hedging, etc.).

GROSS SALES MARGIN: Influenced by revenue, O&M, and company size (economies of scale).

TRANSMISSION AND DISTRIBUTION COST PER THERM/CUSTOMER: Determined by age of system, throughput, customer base, system density, and size of company (economies of scale).

CUSTOMER ACCOUNT EXPENSE PER THERM: Impacted by customer base (concentration of smaller customers leads to higher costs per therm), types of administrative (e.g., billing) systems, and throughput.

CUSTOMER SERVICE AND INFORMATION EXPENSE PER THERM: Influenced by types of administrative systems (e.g., database software and hardware), customer base, and throughput.

SALES EXPENSE PER THERM: Determined by level of marketing effort put forth by company and throughput.

GENERAL AND ADMINISTRATIVE EXPENSE PER THERM/CUSTOMER: Impacted by employee base/compensation, overhead expenses, customer base, and throughput.

TOTAL OPERATION AND MAINTENANCE EXPENSE PER THERM/CUSTOMER: Combination of purchased gas expense, other production costs, T&D, customer accounts, service, & information expenses, sales, and G&A. See those factors for explanation.

NET MARGIN PER THERM/CUSTOMER: Influenced by allowed rates of return, taxes, depreciation, weather, customer base, and throughput.

AVERAGE SALARIES, BENEFITS, AND PENSIONS PER EMPLOYEE: Impacted by union contracts, experience/tenure of average employee, age of employees and retirees, local economic competition for employees, proportion of upper management relative to employee base (higher for companies outsourcing significant workload), and special offers to employees (early retirement, severance packages due to downsizing, etc.).

CUSTOMERS PER EMPLOYEE: Determined by the customer base (companies with predominately small-use customers tend to have a higher value) as well as the employee base (more efficient companies and those outsourcing significant workload tend to have a higher value).



**THERMS DELIVERED PER EMPLOYEE:** Primarily determined by the customer base (companies with predominately large-use customers tend to have a higher value).

**GAS PLANT PER CUSTOMER:** Influenced by the customer base (companies with predominately large-use customers tend to have a higher value).

**RETURN ON ASSETS:** Impacted by allowed rate of return, weather, sales growth, subsidiary performance, and one-time charges (e.g., asset reevaluation, merger expense, etc.).

**RETURN ON EQUITY:** Impacted by allowed rate of return, weather, sales growth, subsidiary performance, and one-time charges (e.g., asset reevaluation, merger expense, etc.).

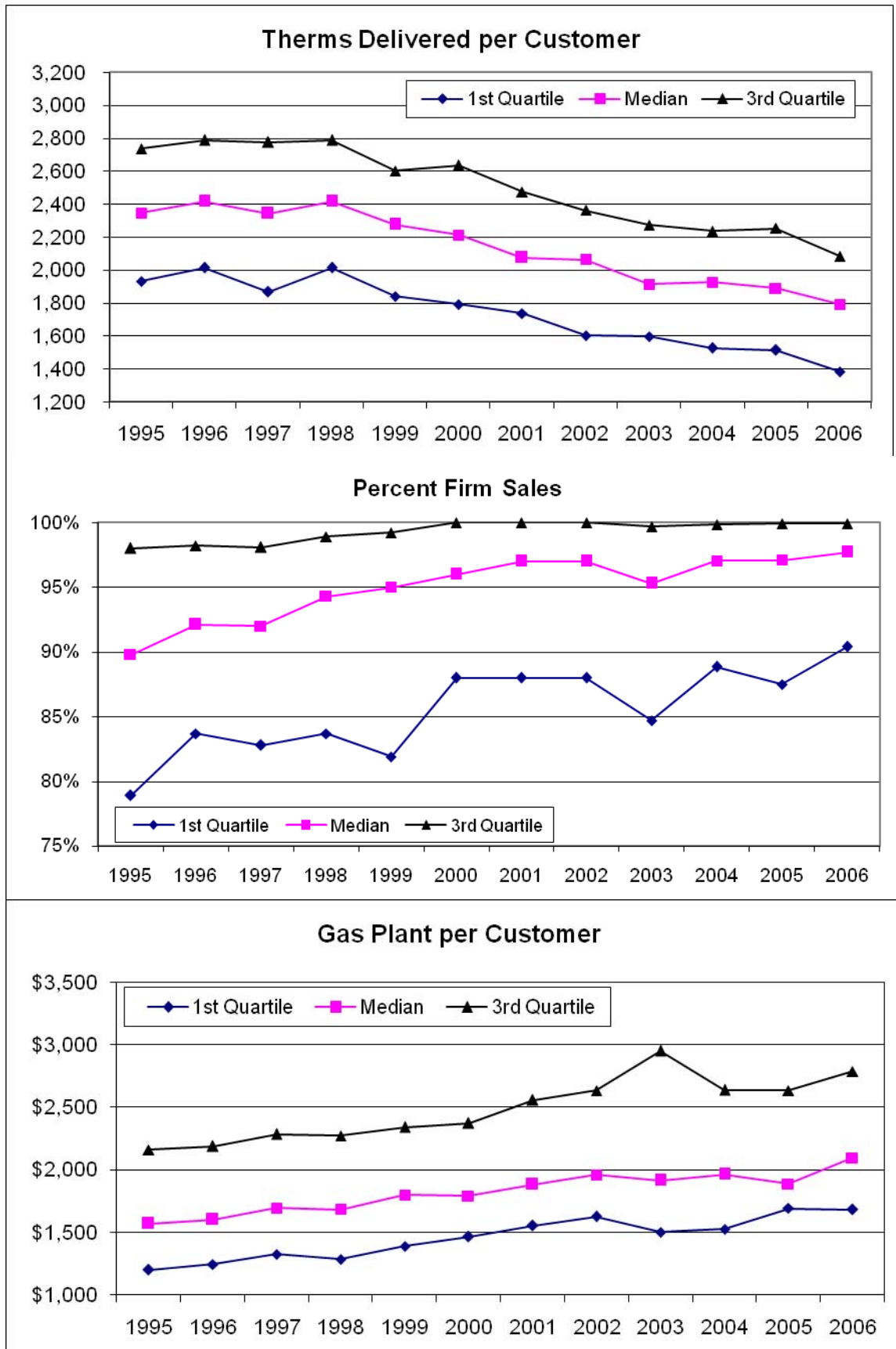
**ASSET TURNOVER:** Influenced by revenue and composition/age of gas plant.

**PROFIT MARGIN:** Impacted by allowed rate of return, income taxes, interest expense, and weather.

**FINANCIAL LEVERAGE:** Influenced by the proportion of debt and the amount of gas plant for a company.

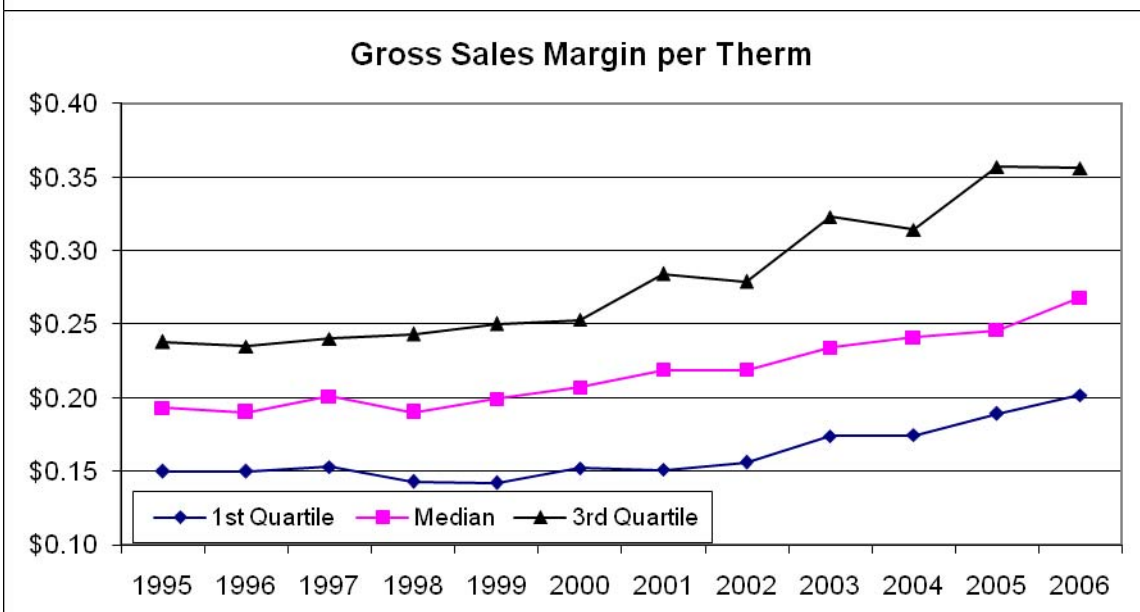
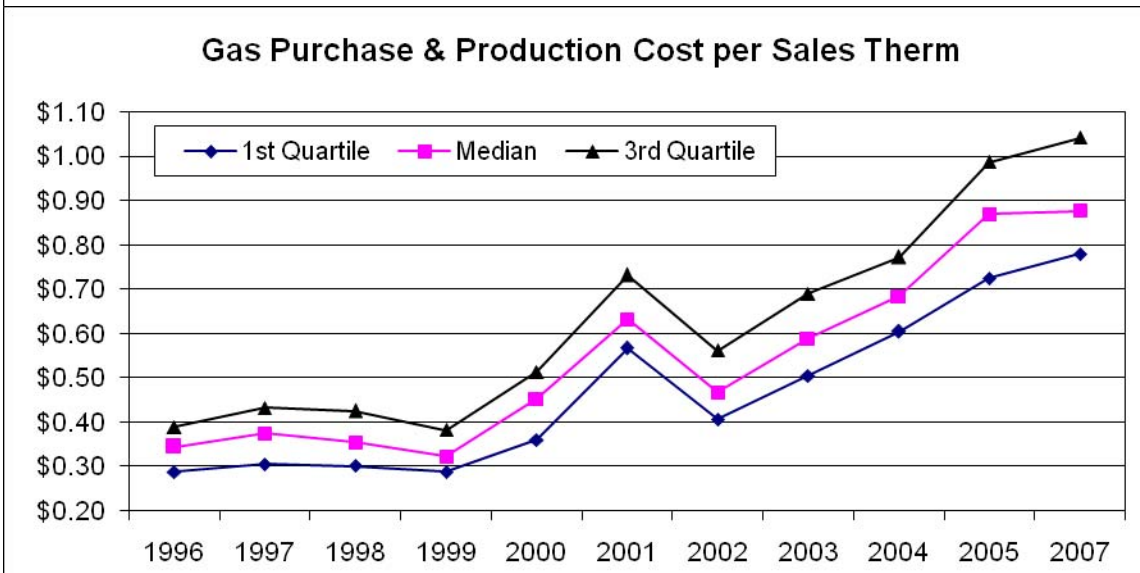
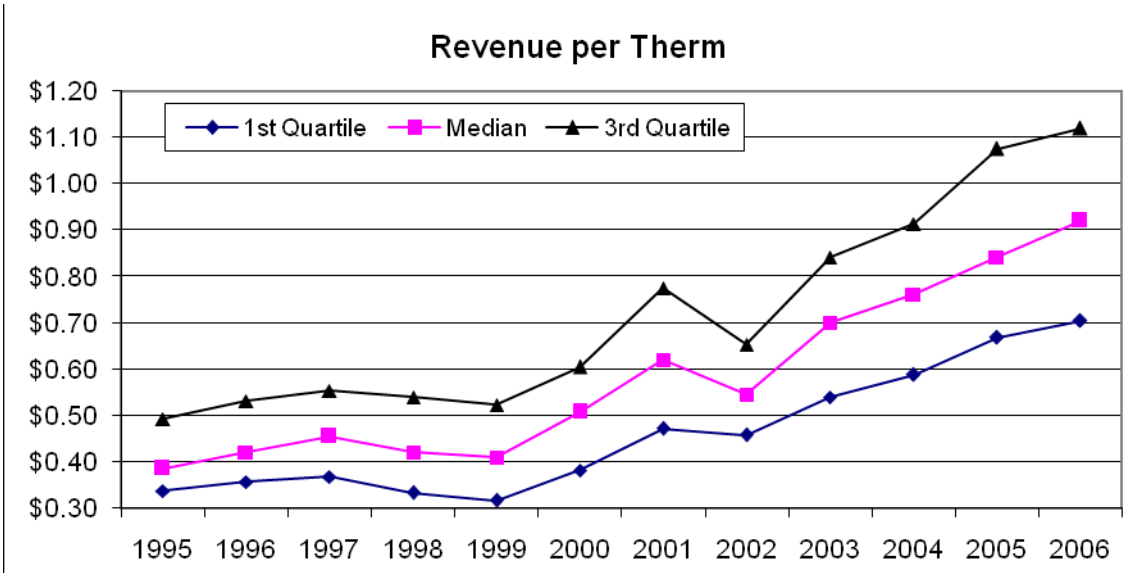
**NOTE:** Recent results of metrics involving miles of main are not comparable for years prior to 2004 because of changes in the definition of miles of main changed (no longer includes services) and in the data source (now derived from the US Department of Transportation, Office of Pipeline Safety database).

Appendix 2: Multi-year Charts for All Companies



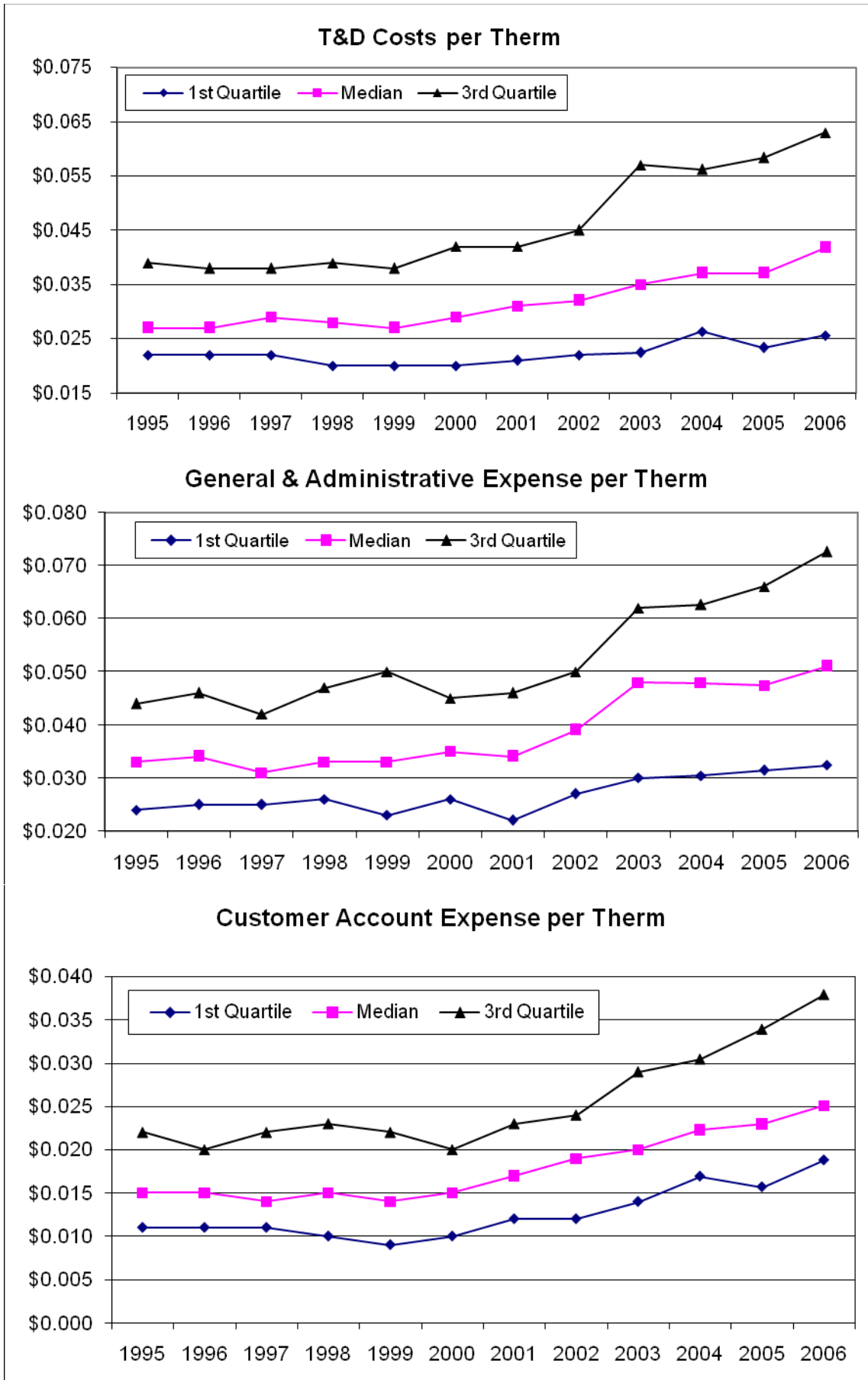
Note: Sample size and individual company participation vary by year, impairing trend analysis

Appendix 2: Multi-year Charts for All Companies



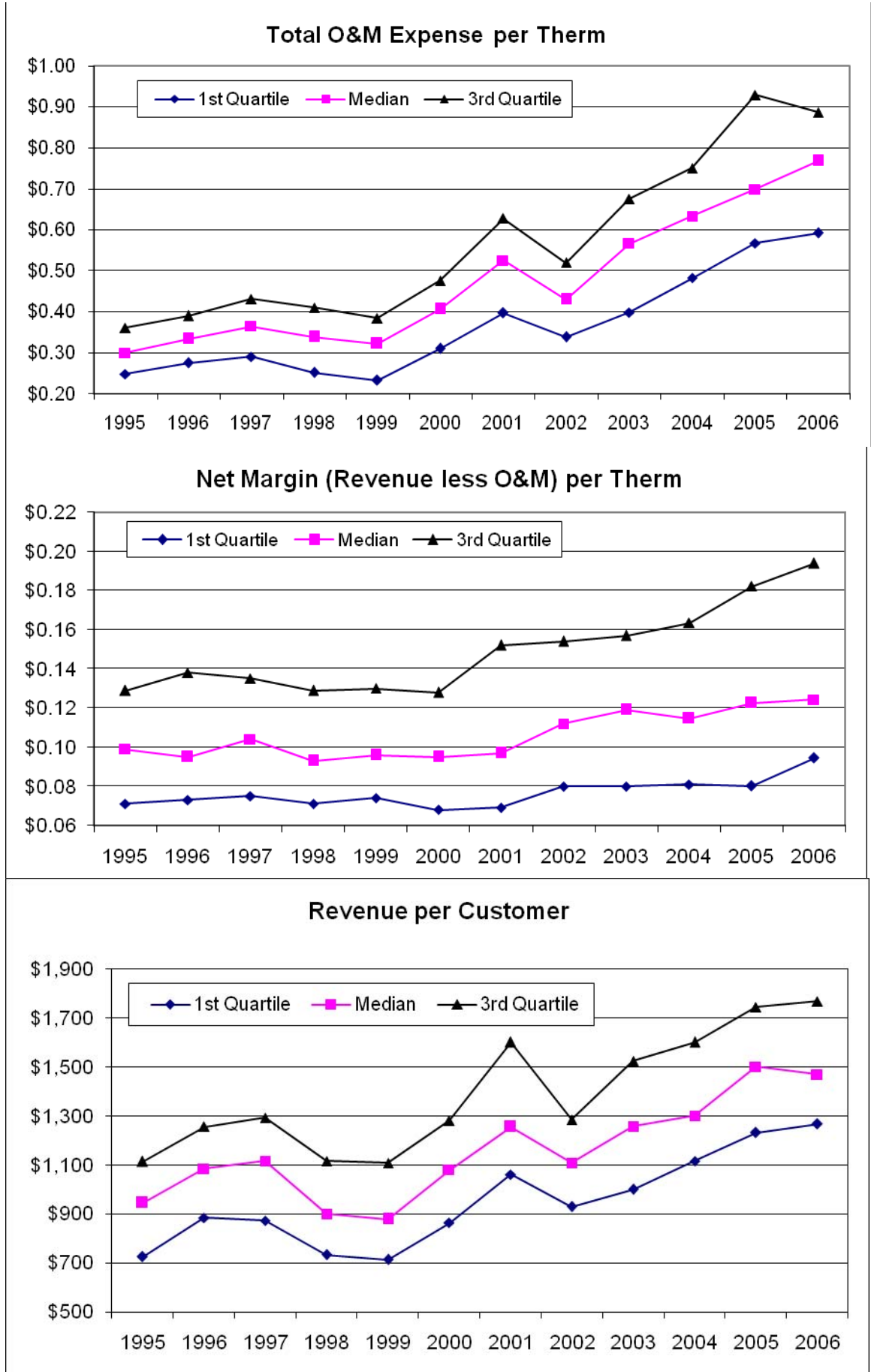
**Note:** Sample size and individual company participation vary by year, impairing trend analysis

Appendix 2: Multi-year Charts for All Companies



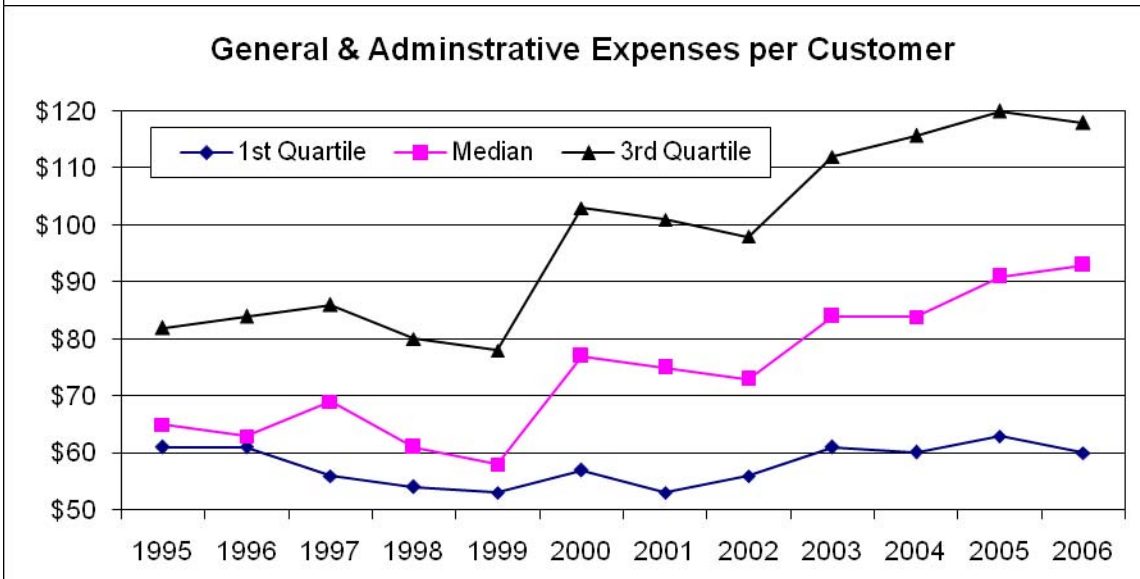
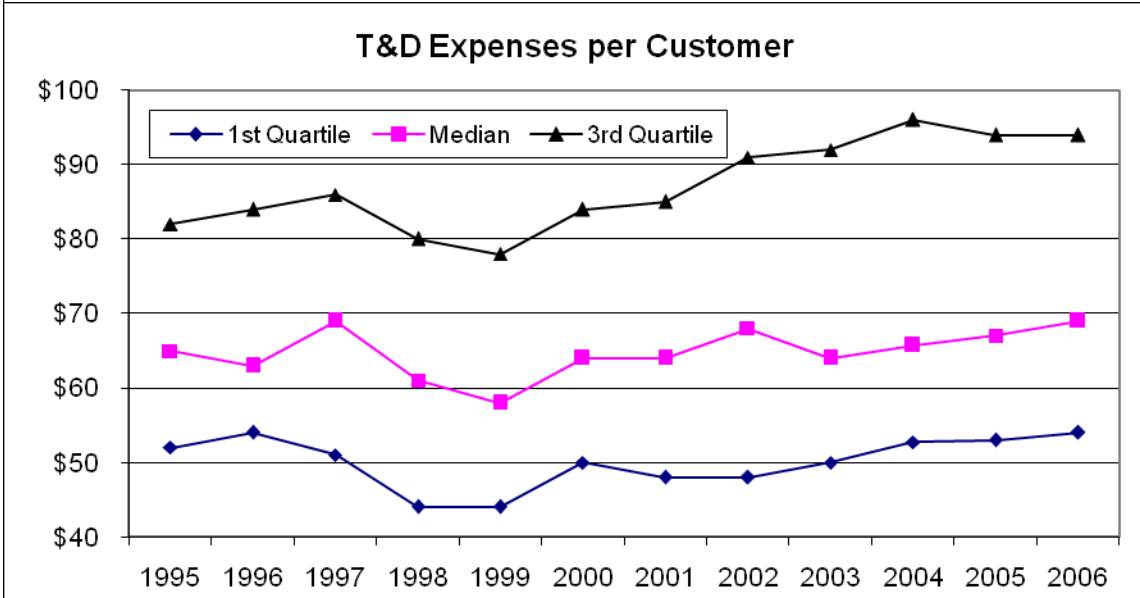
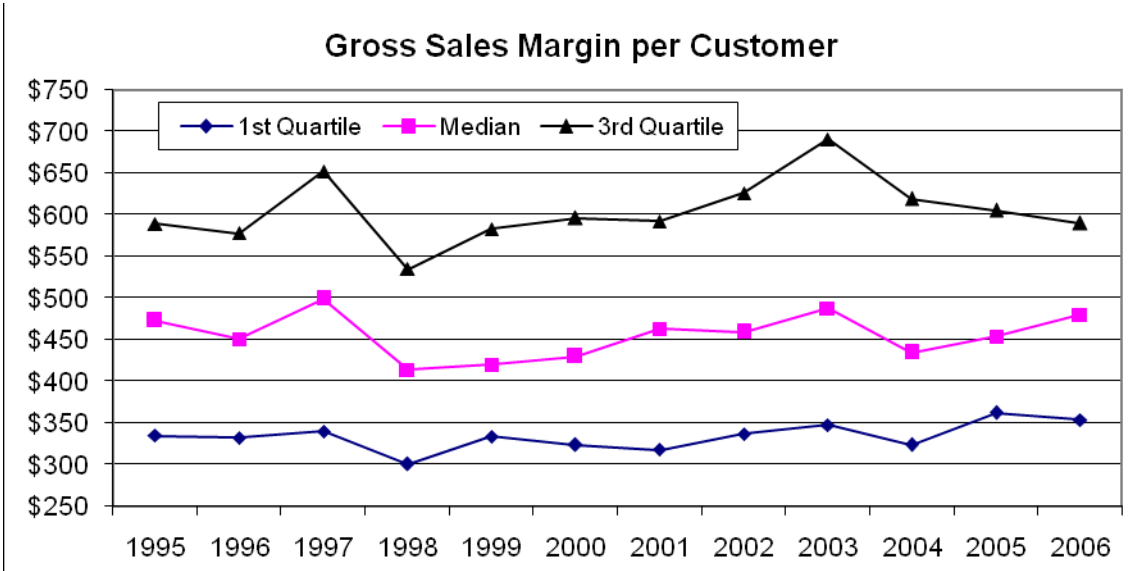
**Note:** Sample size and individual company participation vary by year, impairing trend analysis

Appendix 2: Multi-year Charts for All Companies



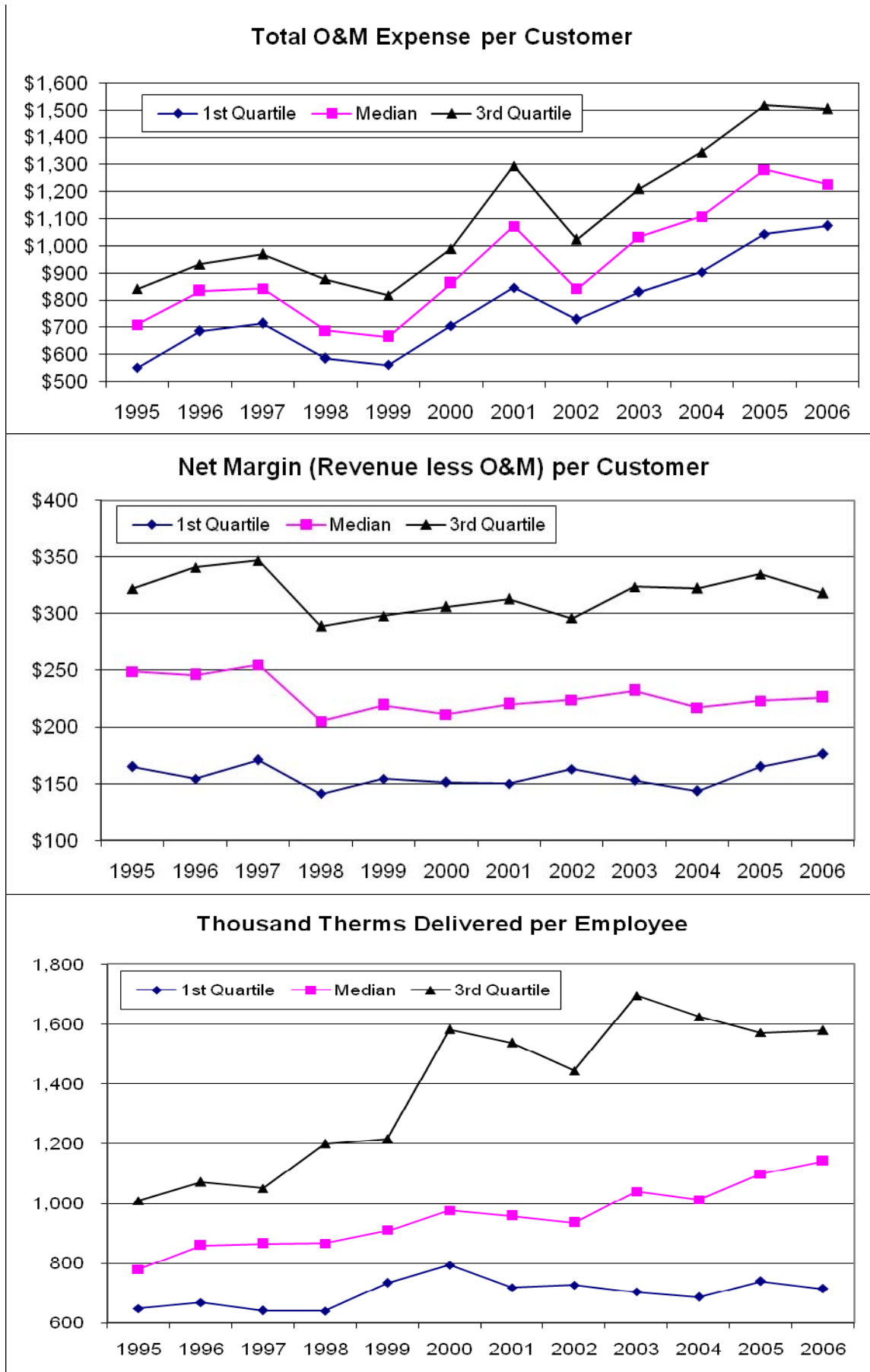
Note: Sample size and individual company participation vary by year, impairing trend analysis

Appendix 2: Multi-year Charts for All Companies



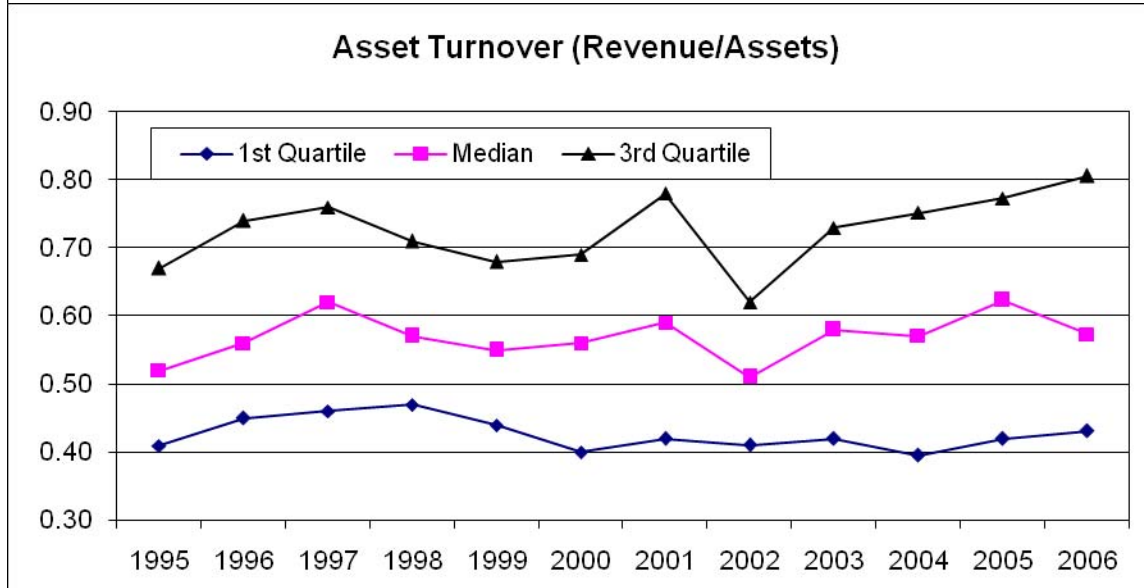
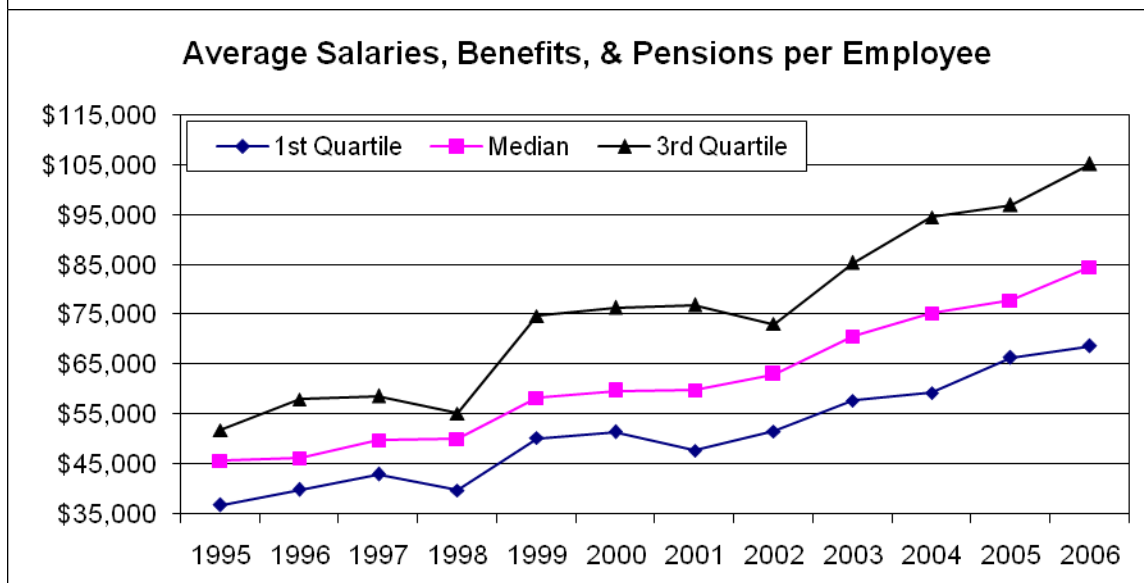
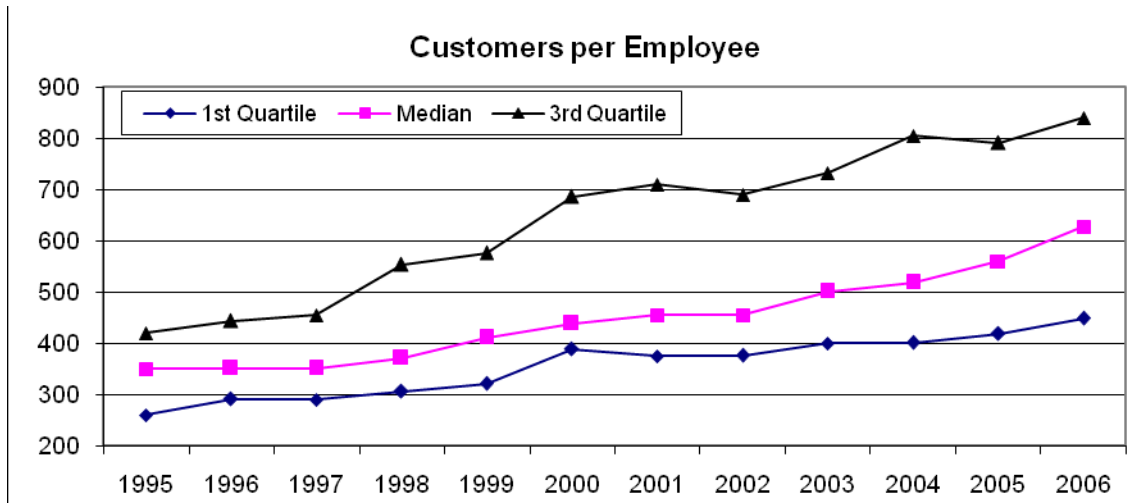
**Note:** Sample size and individual company participation vary by year, impairing trend analysis

Appendix 2: Multi-year Charts for All Companies



Note: Sample size and individual company participation vary by year, impairing trend analysis

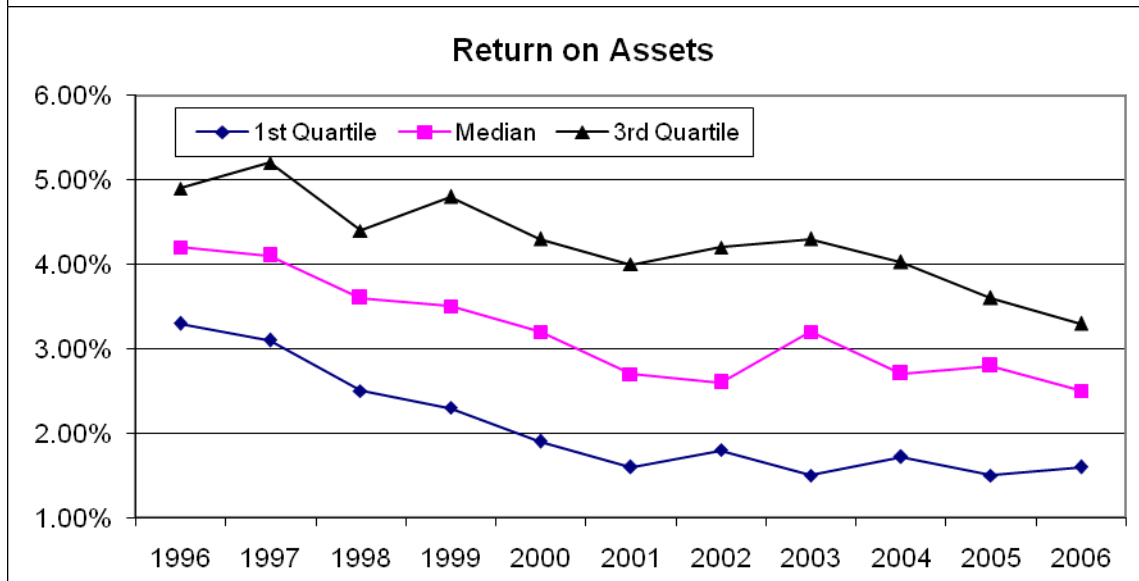
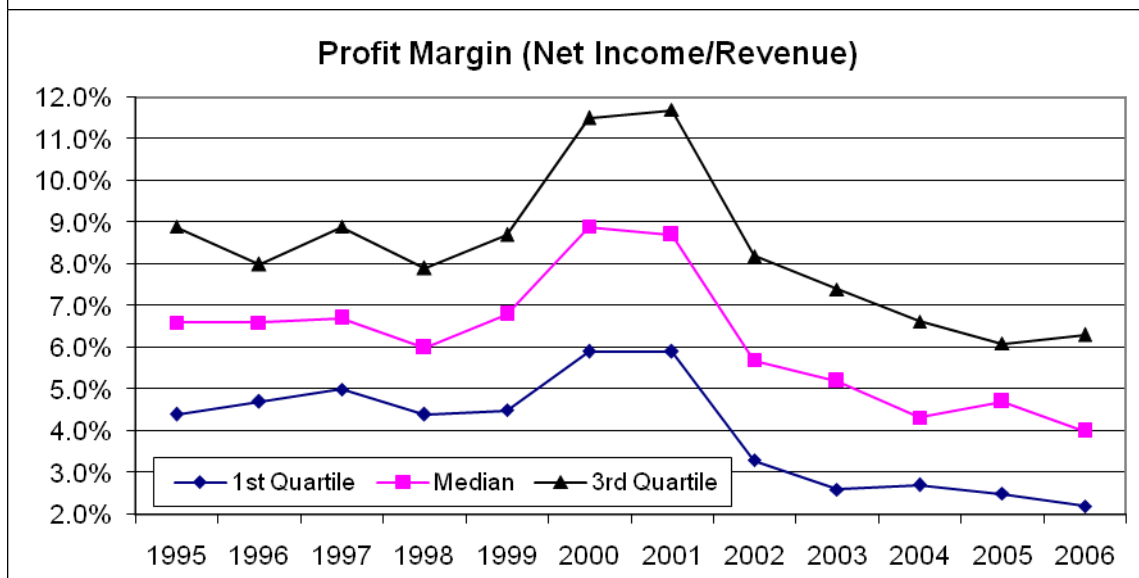
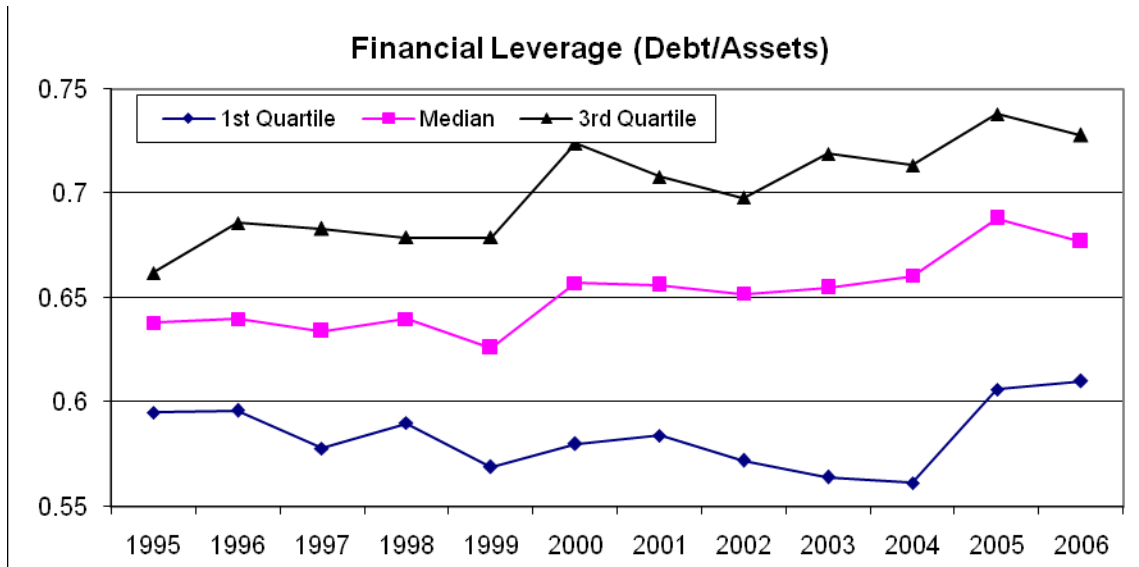
Appendix 2: Multi-year Charts for All Companies



**Note:** Sample size and individual company participation vary by year, impairing trend analysis

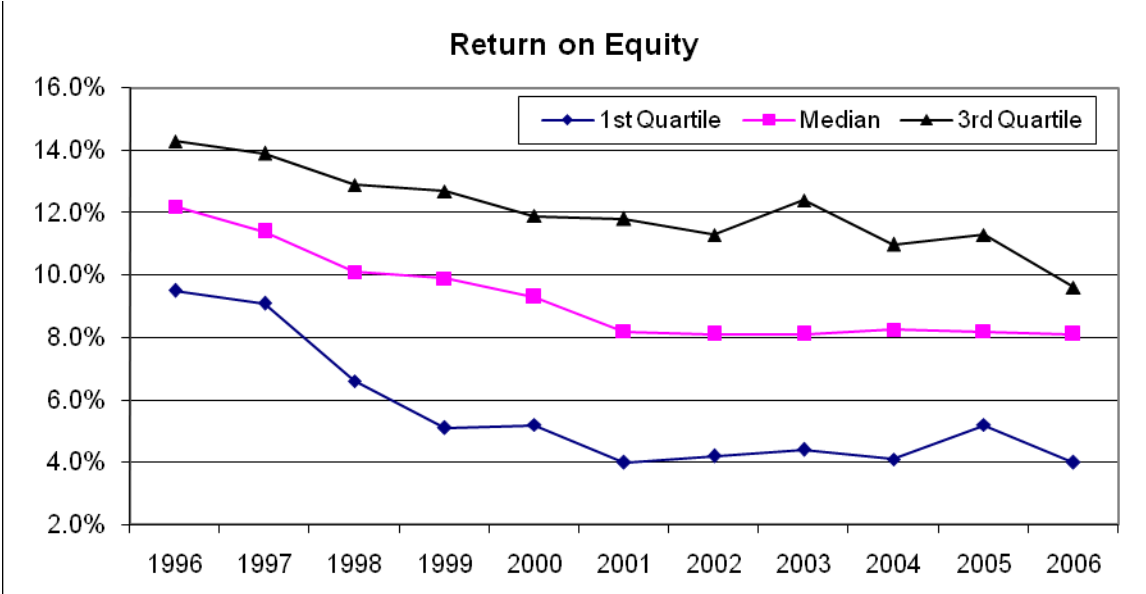


Appendix 2: Multi-year Charts for All Companies



**Note:** Sample size and individual company participation vary by year, impairing trend analysis

Appendix 2: Multi-year Charts for All Companies



Note: Sample size and individual company participation vary by year, impairing trend analysis

**APPENDIX 3a: GAS UTILITY SYSTEM PROFILES AND DELIVERY VOLUMES**

2006 Data, 65 Utilities Reporting Stratified by Type of Company	Gas Utilities				Combination Utilities				Municipal Utilities				All Companies			
	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG
<b>SYSTEM PROFILE 1/</b>																
Total Therms delivered (000)	309,800	885,533	1,499,896	1,190,433	295,039	860,645	1,959,294	1,514,532	134,125	252,505	390,763	283,269	220,370	810,930	1,499,896	1,176,501
Total Sales Volume (000)	135,070	507,073	854,980	608,143	154,240	478,729	1,186,070	840,157	130,690	245,634	306,400	242,252	110,230	448,551	876,324	624,341
Transportation Volume (000)	65,360	274,813	703,830	582,290	72,516	371,046	652,343	674,376	19	6,909	87,799	41,017	30,310	206,367	652,300	552,160
Gas customers	124,339	468,174	836,194	636,301	158,177	557,155	1,016,412	883,591	107,525	193,106	291,679	224,910	115,520	455,014	836,194	651,589
Miles of main in use	2,978	7,496	14,838	12,611	4,009	7,305	18,929	12,221	2,350	2,792	3,170	3,011	2,958	6,614	14,838	11,610
Density (meters/mile of main)	44.1	50.3	66.1	61.2	43.4	55.5	70.2	59.9	44.8	73.5	79.8	74.7	43.6	52.5	68.6	62.2
<b>THERM VOLUME BY CUSTOMER CLASS (000) 2/</b>																
Residential heating	74,230	321,600	580,157	370,340	92,860	316,666	688,290	547,187	68,092	132,149	171,500	140,260	73,040	230,190	580,157	387,192
Residential non-heating	-	-	2,490	4,001	-	-	10,277	5,905	-	-	218	2,355	-	-	2,770	4,259
Commercial, firm	31,880	105,096	213,750	153,395	52,793	158,985	334,562	222,229	44,936	77,872	94,956	70,623	34,030	109,080	229,055	160,581
Commercial, interruptible	-	-	1,320	9,257	-	-	1,923	4,540	-	3,717	7,511	5,263	-	-	2,453	7,872
Industrial, firm	620	7,220	22,930	25,173	2,275	10,003	49,467	38,748	240	2,940	7,385	4,709	620	7,040	22,930	26,208
Industrial, interruptible	-	-	2,600	9,029	-	-	1,964	2,508	2,211	13,586	18,933	12,605	-	-	3,320	7,955
Electric utility generation, firm	-	-	-	977	-	-	457	14,541	-	-	630	581	-	-	-	3,862
Electric utility generation, interup.	-	-	-	13,042	-	-	-	-	-	-	-	2,503	-	-	-	9,260
Non-utility generation, firm	-	-	-	2,224	-	-	-	-	-	-	-	-	-	-	-	1,539
Non-utility generation, interup.	-	-	-	68	-	-	-	-	-	-	-	0	-	-	-	0
NGV	-	-	-	127	-	-	-	50	-	-	-	-	-	-	-	14
Municipal & public	-	-	1	5,190	-	-	-	3	-	-	-	806	-	-	-	329
Interdepartmental	-	-	-	-	-	-	1	10	-	-	2	12	-	-	-	3
Other	-	-	-	15,320	-	-	-	-	-	-	-	-	-	-	-	2

1/ Includes transportation only customers

2/ Quartile figures for each column do not sum. The quartile arrangements do not yield the same sequence of firms for each variable.

**Key:** LQ = Lower Quartile, MED = Median, UQ = Upper Quartile, AVG = Average



**APPENDIX 3b: GAS UTILITY FINANCIAL STATEMENTS (000\$)**

2006 Data, 65 Utilities Reporting Stratified by Type of Company	Gas Utilities				Combination Utilities				Municipal Utilities				All Companies			
	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG
<b>GAS-ONLY INCOME STATEMENT</b>																
Operating revenue	192,703	663,444	1,325,111	861,251	247,270	847,733	1,388,582	1,149,842	148,037	242,323	395,006	337,475	172,207	593,785	1,319,434	875,061
Operating expense	159,182	520,198	1,140,111	692,491	201,934	688,611	1,163,227	931,640	127,870	214,027	367,332	289,016	155,130	484,440	1,085,236	706,756
Maintenance expense	2,341	10,069	25,342	15,403	5,188	15,725	21,679	21,685	2,379	4,951	10,019	7,052	2,341	10,262	22,190	15,985
Total O&M	163,456	526,917	1,171,345	707,894	207,121	706,942	1,182,888	953,324	130,249	218,978	377,351	296,068	158,477	500,045	1,108,484	722,741
Depreciation	6,422	31,976	48,664	40,426	9,002	34,775	69,880	57,985	5,442	7,188	13,294	12,362	6,422	28,231	49,493	41,617
Depletion	-	-	-	314	-	-	609	1,514	-	-	-	-	-	-	-	543
Amortization	-	-	3,965	3,205	-	570	2,315	2,452	-	-	-	-	-	-	3,605	2,747
Prop. loss charged to operations	-	-	-	42	-	-	-	1,171	-	-	-	-	-	-	-	282
Total taxes	9,164	32,147	81,786	51,445	10,547	44,825	95,725	59,950	1,158	5,185	6,091	5,475	6,209	24,034	80,625	49,033
Other operating income	-	-	-	117	(1)	-	-	(6,251)	-	-	2,062	1,870	-	-	-	(1,093)
Total operating income	9,619	43,276	93,464	57,926	18,329	48,617	83,935	73,445	2,984	8,287	17,218	23,570	9,351	33,113	87,981	58,097
<b>BALANCE SHEET</b>																
Gas plant	241,295	1,008,769	1,929,221	1,375,768	320,226	1,254,755	2,050,637	1,805,767	218,053	271,764	423,164	486,280	235,195	887,419	1,920,314	1,386,277
Common plant	-	-	-	2,233	45,670	139,321	468,240	440,940	-	-	85,299	64,924	-	-	-	102,511
Other plant	-	-	-	177	-	-	38	18,653	-	198,330	478,576	448,058	-	-	5	45,499
Total plant in service 1/2/	241,295	1,008,769	1,929,221	1,378,178	1,325,099	6,241,350	10,548,581	8,659,800	374,657	1,190,235	1,978,294	1,390,469	391,268	1,185,296	2,873,094	2,947,662
Accumulated depreciation 1/	117,201	385,277	733,682	536,527	510,998	2,114,938	4,088,964	3,795,512	101,365	432,524	778,517	491,849	149,832	424,938	946,559	1,234,338
Construction work-in-progress 1/	1,547	10,000	29,160	25,633	48,123	76,357	168,310	205,378	10,023	39,785	78,894	66,354	1,754	16,555	67,407	68,106
Net utility plant 1/	148,581	615,637	1,189,133	867,603	872,894	4,200,991	6,579,015	5,108,277	336,386	911,295	1,282,880	967,611	191,447	770,936	1,892,581	1,790,210
Gas storage (non-current) 1/	-	-	858	4,286	-	-	-	3,388	-	-	-	-	-	-	-	3,697
Customer accts. Receivable 1/	7,185	44,339	103,591	89,789	47,590	180,146	374,098	256,551	14,671	56,053	101,185	58,835	9,244	64,949	148,578	122,850
Total current & accrued assets 1/	43,507	202,214	459,036	288,609	144,961	780,397	1,244,894	966,857	144,817	331,692	461,857	318,157	64,728	233,937	562,022	437,421
Total deferred debits 1/	8,351	103,122	384,563	224,092	374,122	933,797	2,532,863	1,992,003	3,119	29,683	104,112	225,845	18,308	126,936	531,010	605,035
Total assets 1/	250,580	1,038,469	2,568,101	1,492,695	1,481,296	6,289,198	12,097,583	8,568,428	496,534	1,374,053	2,550,865	1,555,632	364,749	1,212,414	3,157,153	3,022,509
Common stock 1/	1	3,268	71,425	87,141	66,272	527,471	901,580	620,971	-	-	-	-	-	9,250	219,242	194,076
Retained earnings 1/	27,385	113,345	254,534	195,389	160,971	274,708	985,137	880,332	159,644	498,686	1,081,053	673,904	40,603	173,433	348,765	387,086
Total common stock equity 1/	67,814	312,831	661,417	463,795	563,597	1,688,228	2,971,908	2,324,779	159,644	498,686	1,081,053	673,904	128,398	455,020	921,807	884,017
Total long-term (LT) debt 1/	58,000	181,125	502,000	351,183	532,079	1,803,102	4,073,013	2,651,035	122,206	635,620	1,129,766	665,406	69,250	314,072	825,000	875,541
Total capitalization 1/2/	152,566	493,820	1,163,879	822,314	1,035,543	4,147,822	6,776,521	5,020,097	404,503	1,134,306	2,314,119	1,344,507	224,468	775,929	1,951,892	1,774,654
Total non-current other liabilities 1/	-	-	25,381	26,980	984	21,300	450,853	397,504	-	967	4,560	11,674	-	282	39,239	105,372
Current & accrued liabilities 1/	41,166	266,991	490,431	378,420	180,254	873,980	1,109,540	1,040,792	54,940	128,432	257,379	167,544	64,627	289,363	540,061	501,619
Total deferred credits 1/	29,834	162,624	371,746	250,051	283,291	1,126,433	3,658,774	2,051,945	2,266	10,110	12,371	10,672	27,201	172,042	554,429	616,054
Total capitalization & liabilities 1/2/	250,580	1,038,469	2,568,101	1,492,695	1,481,296	6,289,198	12,097,583	8,568,428	496,534	1,374,053	2,550,865	1,555,632	364,749	1,212,414	3,157,153	3,022,509

- 1/ Figures for combination utilities are necessarily based on combined gas and electric operations. Some municipal utilities are also combined utilities.
- 2/ Reflects gas and non-gas assets, also includes regulatory assets.
- 3/ Total capitalization figure in this display includes preferred stock.

**Key:** LQ = Lower Quartile, MED = Median, UQ = Upper Quartile, AVG = Average

**APPENDIX 3c: GAS UTILITY SAME-SIZE FINANCIAL STATEMENTS**

2006 Data, 65 Utilities Reporting						
Stratified by Type of Company			Gas Utilities	Combination Utilities	Municipal Utilities	All Companies
			45 firms	14 firms	6 firms	65 firms
<b>GAS-ONLY INCOME STATEMENT - Based on average values</b>						
Operating revenue			100.0	100.0	100.0	100.0
Operating expense			80.0	80.7	86.8	80.9
Maintenance expense			2.0	1.8	1.8	1.9
Total O&M			82.0	82.5	88.6	82.8
Depreciation			4.8	4.2	4.0	4.6
Depletion			0.0	0.1	-	0.0
Amortization			0.3	0.5	-	0.3
Prop. loss charged to operations			0.0	0.0	-	0.0
Total taxes			5.5	5.6	1.7	5.1
Other operating income			(0.0)	(0.1)	0.3	(0.0)
Total operating income			7.3	7.0	5.7	7.0
<b>BALANCE SHEET - Based on average values</b>						
Gas plant			92.2	21.1	31.3	45.9
Common plant			0.1	5.1	4.2	3.4
Other plant			0.0	0.2	28.8	1.5
Total plant in service	1/2/		92.3	101.1	89.4	97.5
Accumulated depreciation	1/		35.9	44.3	31.6	40.8
Construction work-in-progress	1/		1.7	2.4	4.3	2.3
Net utility plant	1/		58.1	59.6	62.2	59.2
Gas storage (non-current)	1/		0.3	0.0	-	0.1
Customer accts. receivable	1/		6.0	3.0	3.8	4.1
Total current & accrued assets	1/		19.3	11.3	20.5	14.5
Total deferred debits	1/		15.0	23.2	14.5	20.0
Total assets	1/		100.0	100.0	100.0	100.0
Common stock	1/		5.8	7.2	-	6.4
Retained earnings	1/		13.1	10.3	43.3	12.8
Total common stock equity	1/		31.1	27.1	43.3	29.2
Total long-term (LT) debt	1/		23.5	30.9	42.8	29.0
Total capitalization	1/3/		55.1	58.6	86.4	58.7
Total non-current other liabilities	1/		1.8	4.6	0.8	3.5
Current & accrued liabilities	1/		25.4	12.1	10.8	16.6
Total deferred credits	1/		16.8	23.9	0.7	20.4
Total capitalization & liabilities	1/3/		100.0	100.0	100.0	100.0

1/ Figures for combination utilities are necessarily based on combined gas and electric operations. Some municipal utilities are also combined utilities.

2/ Reflects gas and non-gas assets, also includes regulatory assets.

3/ Total capitalization figure in this display includes preferred stock.

**APPENDIX 3d: GAS UTILITY INCOME STATEMENTS – Per Cost Driver**

**GAS-ONLY INCOME STATEMENT - Per Annual Therm Delivered**

2006 Data, 65 Utilities Reporting	Gas Utilities				Combination Utilities				Municipal Utilities				All Companies			
	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG
Operating revenue	\$0.6938	\$0.8578	\$1.0606	\$0.8925	\$0.7039	\$0.8782	\$1.0281	\$0.9173	\$0.9909	\$1.0852	\$1.2055	\$1.1365	\$0.7039	\$0.9195	\$1.1150	\$0.9203
Operating expense	\$0.5484	\$0.7076	\$0.8362	\$0.7139	\$0.5809	\$0.7422	\$0.8380	\$0.7404	\$0.8978	\$0.9833	\$1.0441	\$0.9861	\$0.5747	\$0.7467	\$0.8750	\$0.7447
Maintenance expense	\$0.0070	\$0.0148	\$0.0226	\$0.0177	\$0.0099	\$0.0138	\$0.0197	\$0.0164	\$0.0150	\$0.0229	\$0.0256	\$0.0204	\$0.0079	\$0.0148	\$0.0226	\$0.0177
Total O&M	\$0.5669	\$0.7233	\$0.8437	\$0.7316	\$0.5927	\$0.7556	\$0.8587	\$0.7567	\$0.9228	\$0.9995	\$1.0615	\$1.0066	\$0.5918	\$0.7688	\$0.8866	\$0.7624
Depreciation	\$0.0287	\$0.0329	\$0.0456	\$0.0433	\$0.0342	\$0.0378	\$0.0435	\$0.0390	\$0.0263	\$0.0462	\$0.0593	\$0.0453	\$0.0287	\$0.0350	\$0.0459	\$0.0425
Depletion	\$0.0000	\$0.0000	\$0.0000	\$0.0002	\$0.0000	\$0.0000	\$0.0012	\$0.0008	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0003
Amortization	\$0.0000	\$0.0000	\$0.0041	\$0.0029	\$0.0000	\$0.0006	\$0.0047	\$0.0048	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0037	\$0.0030
Prop. loss charged to operations	\$0.0000	\$0.0000	\$0.0000	\$0.0001	\$0.0000	\$0.0000	\$0.0000	\$0.0004	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0001
Total taxes	\$0.0243	\$0.0421	\$0.0663	\$0.0494	\$0.0271	\$0.0323	\$0.0691	\$0.0517	\$0.0026	\$0.0133	\$0.0327	\$0.0198	\$0.0243	\$0.0382	\$0.0657	\$0.0471
Other operating income	\$0.0000	\$0.0000	\$0.0000	-\$0.0002	\$0.0000	\$0.0000	\$0.0000	-\$0.0011	\$0.0000	\$0.0000	\$0.0048	\$0.0033	\$0.0000	\$0.0000	\$0.0000	-\$0.0001
Total operating income	\$0.0298	\$0.0451	\$0.0682	\$0.0650	\$0.0364	\$0.0579	\$0.0746	\$0.0640	\$0.0250	\$0.0578	\$0.0853	\$0.0648	\$0.0299	\$0.0470	\$0.0768	\$0.0648

**GAS-ONLY INCOME STATEMENT - Per Average Annual Customer Served**

2006 Data, 65 Utilities Reporting	Gas Utilities				Combination Utilities				Municipal Utilities				All Companies			
	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG
Operating revenue	\$1,207	\$1,567	\$1,828	\$1,560	\$1,349	\$1,398	\$1,666	\$1,492	\$1,356	\$1,457	\$1,559	\$1,453	\$1,267	\$1,470	\$1,769	\$1,535
Operating expense	\$1,049	\$1,201	\$1,540	\$1,271	\$1,063	\$1,157	\$1,417	\$1,207	\$1,240	\$1,308	\$1,351	\$1,264	\$1,054	\$1,203	\$1,461	\$1,257
Maintenance expense	\$15	\$24	\$35	\$27	\$19	\$24	\$29	\$26	\$18	\$31	\$35	\$26	\$16	\$24	\$34	\$27
Total O&M	\$1,071	\$1,223	\$1,555	\$1,299	\$1,085	\$1,176	\$1,449	\$1,232	\$1,275	\$1,330	\$1,373	\$1,290	\$1,074	\$1,227	\$1,504	\$1,284
Depreciation	\$50	\$61	\$86	\$69	\$56	\$63	\$67	\$62	\$36	\$59	\$74	\$58	\$50	\$62	\$81	\$66
Depletion	\$0	\$0	\$0	\$0	\$0	\$0	\$2	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1
Amortization	\$0	\$0	\$5	\$5	\$0	\$1	\$8	\$9	\$0	\$0	\$0	\$0	\$0	\$0	\$5	\$6
Prop. loss charged to operations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total taxes	\$47	\$70	\$130	\$80	\$53	\$69	\$107	\$80	\$3	\$17	\$44	\$26	\$44	\$63	\$113	\$75
Other operating income	\$0	\$0	\$0	-\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$6	\$4	\$0	\$0	\$0	-\$1
Total operating income	\$56	\$93	\$132	\$106	\$79	\$92	\$119	\$106	\$33	\$78	\$105	\$79	\$56	\$93	\$129	\$104

**APPENDIX 3d: GAS UTILITY INCOME STATEMENTS – Per Cost Driver (cont'd)**

**GAS-ONLY INCOME STATEMENT - Per Dollar of Gas Plant**

2006 Data, 65 Utilities Reporting	Gas Utilities				Combination Utilities				Municipal Utilities				All Companies			
	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG
Operating revenue	\$0.5661	\$0.6546	\$0.8032	\$0.6834	\$0.6513	\$0.7117	\$0.7819	\$0.7544	\$0.5761	\$0.7294	\$0.9272	\$0.7481	\$0.5703	\$0.6929	\$0.8101	\$0.7047
Operating expense	\$0.4449	\$0.5413	\$0.6991	\$0.5627	\$0.5133	\$0.5660	\$0.6610	\$0.6115	\$0.4973	\$0.6434	\$0.8099	\$0.6579	\$0.4500	\$0.5549	\$0.7128	\$0.5820
Maintenance expense	\$0.0069	\$0.0113	\$0.0149	\$0.0122	\$0.0099	\$0.0116	\$0.0149	\$0.0114	\$0.0105	\$0.0126	\$0.0199	\$0.0141	\$0.0074	\$0.0117	\$0.0151	\$0.0122
Total O&M	\$0.4575	\$0.5500	\$0.7076	\$0.5749	\$0.5302	\$0.5744	\$0.6734	\$0.6229	\$0.5022	\$0.6595	\$0.8252	\$0.6720	\$0.4660	\$0.5684	\$0.7256	\$0.5942
Depreciation	\$0.0247	\$0.0285	\$0.0341	\$0.0294	\$0.0276	\$0.0288	\$0.0341	\$0.0287	\$0.0230	\$0.0256	\$0.0318	\$0.0271	\$0.0245	\$0.0285	\$0.0341	\$0.0290
Depletion	\$0.0000	\$0.0000	\$0.0000	\$0.0002	\$0.0000	\$0.0000	\$0.0009	\$0.0006	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0002
Amortization	\$0.0000	\$0.0000	\$0.0028	\$0.0021	\$0.0000	\$0.0006	\$0.0032	\$0.0084	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0027	\$0.0033
Prop. loss charged to operations	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0003	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0001
Total taxes	\$0.0200	\$0.0328	\$0.0522	\$0.0351	\$0.0253	\$0.0331	\$0.0559	\$0.0402	\$0.0010	\$0.0093	\$0.0228	\$0.0133	\$0.0200	\$0.0318	\$0.0522	\$0.0342
Other operating income	\$0.0000	\$0.0000	\$0.0000	-\$0.0007	\$0.0000	\$0.0000	\$0.0000	\$0.0031	\$0.0000	\$0.0000	\$0.0043	\$0.0017	\$0.0000	\$0.0000	\$0.0000	\$0.0003
Total operating income	\$0.0305	\$0.0435	\$0.0498	\$0.0417	\$0.0400	\$0.0443	\$0.0581	\$0.0533	\$0.0159	\$0.0363	\$0.0667	\$0.0357	\$0.0305	\$0.0435	\$0.0499	\$0.0436

**GAS-ONLY INCOME STATEMENT - Per Mile of Distribution Pipe**

2006 Data, 65 Utilities Reporting	Gas Utilities				Combination Utilities				Municipal Utilities				All Companies			
	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG
Operating revenue	\$52,593	\$75,061	\$121,890	\$100,146	\$67,919	\$84,295	\$114,563	\$88,404	\$66,080	\$90,094	\$104,988	\$111,728	\$54,180	\$76,659	\$120,893	\$98,640
Operating expense	\$41,608	\$60,770	\$100,024	\$80,938	\$56,919	\$67,029	\$96,969	\$71,538	\$57,077	\$81,299	\$94,946	\$95,129	\$44,322	\$61,888	\$100,502	\$80,201
Maintenance expense	\$672	\$939	\$2,120	\$1,797	\$974	\$1,242	\$2,433	\$1,573	\$1,063	\$1,776	\$2,647	\$2,276	\$694	\$1,102	\$2,415	\$1,793
Total O&M	\$42,136	\$61,541	\$103,490	\$82,735	\$58,048	\$68,132	\$99,402	\$73,110	\$58,140	\$83,074	\$97,593	\$97,405	\$44,822	\$63,155	\$103,242	\$81,993
Depreciation	\$2,341	\$3,416	\$4,928	\$4,065	\$2,425	\$3,972	\$5,852	\$3,857	\$2,307	\$2,887	\$3,404	\$4,083	\$2,303	\$3,416	\$5,081	\$4,021
Depletion	\$0	\$0	\$0	\$68	\$0	\$0	\$91	\$96	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$68
Amortization	\$0	\$0	\$346	\$391	\$0	\$62	\$480	\$411	\$0	\$0	\$0	\$0	\$0	\$0	\$346	\$359
Prop. loss charged to operations	\$0	\$0	\$0	\$14	\$0	\$0	\$0	\$67	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25
Total taxes	\$2,083	\$3,360	\$6,387	\$5,953	\$2,928	\$3,909	\$5,390	\$4,540	\$452	\$1,932	\$2,451	\$1,644	\$2,083	\$3,173	\$5,829	\$5,229
Other operating income	\$0	\$0	\$0	-\$66	\$0	\$0	\$0	-\$212	\$0	\$0	\$433	\$559	\$0	\$0	\$0	-\$39
Total operating income	\$2,611	\$4,796	\$7,171	\$6,918	\$3,186	\$5,983	\$8,008	\$6,324	\$1,153	\$3,015	\$7,422	\$8,596	\$2,611	\$4,796	\$7,938	\$6,946



**APPENDIX 3e: GAS UTILITY FINANCIAL RATIOS**

2006 Data, 65 Utilities Reporting Stratified by Type of Company	Gas Utilities 45 firms				Combination Utilities 14 firms				Municipal Utilities 6 firms				All Companies 65 firms			
	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG	LQ	MED	UQ	AVG
	Therms delivered (avg.) per acct.	1,530	1,853	2,151	1,988	1,451	1,666	1,926	1,831	1,222	1,304	1,332	1,286	1,382	1,793	2,083
Therms per \$1,000 of gas plant	635	823	1,056	902	593	838	1,035	1,104	477	694	921	697	620	823	1,013	927
Value of gas plant per customer	\$1,683	\$2,177	\$2,788	\$2,417	\$1,791	\$1,883	\$2,707	\$2,146	\$1,461	\$2,137	\$2,717	\$2,113	\$1,683	\$2,099	\$2,788	\$2,330
%Sales firm (not interruptible)	85.9%	97.7%	99.9%	89.3%	97.0%	99.2%	99.9%	98.1%	82.9%	87.7%	95.3%	85.3%	90.4%	97.7%	99.9%	90.8%
Collection period (days) 1/	18.8	32.0	45.2	36.3	22.6	25.3	32.6	27.8	27.0	29.7	40.7	33.5	20.8	28.7	41.1	34.2
Gas O&M expense as pct. of revenue	78.4%	84.2%	88.0%	82.6%	79.6%	83.2%	85.5%	82.5%	88.0%	88.2%	91.1%	89.1%	79.5%	84.4%	88.0%	83.2%
Gas operating income as pct. of revenue	3.9%	6.8%	8.6%	6.9%	5.5%	6.8%	8.5%	7.0%	2.2%	5.3%	8.8%	5.2%	4.0%	6.7%	8.6%	6.8%
Gas operating revenue per customer	\$1,207	\$1,567	\$1,828	\$1,560	\$1,349	\$1,398	\$1,666	\$1,492	\$1,356	\$1,457	\$1,559	\$1,453	\$1,267	\$1,470	\$1,769	\$1,535
Gas O&M expense per customer	\$1,071	\$1,223	\$1,555	\$1,299	\$1,085	\$1,176	\$1,449	\$1,232	\$1,275	\$1,330	\$1,373	\$1,290	\$1,074	\$1,227	\$1,504	\$1,284
Gas operating income per customer	\$56	\$93	\$132	\$106	\$79	\$92	\$119	\$106	\$33	\$78	\$105	\$79	\$56	\$93	\$129	\$104
Gas revenue per dollar of gas plant	\$0.566	\$0.655	\$0.803	\$0.683	\$0.651	\$0.712	\$0.782	\$0.754	\$0.576	\$0.729	\$0.927	\$0.748	\$0.570	\$0.693	\$0.810	\$0.705
Gas O&M expense per dollar of gas plant	\$0.457	\$0.550	\$0.708	\$0.575	\$0.530	\$0.574	\$0.673	\$0.623	\$0.502	\$0.659	\$0.825	\$0.672	\$0.466	\$0.568	\$0.726	\$0.594
Gas operating income per \$ of gas plant	\$0.031	\$0.043	\$0.050	\$0.042	\$0.040	\$0.044	\$0.058	\$0.053	\$0.016	\$0.036	\$0.067	\$0.036	\$0.031	\$0.043	\$0.050	\$0.044
Gas revenue per mile of pipe 2/	\$52,593	\$75,061	\$121,890	\$100,146	\$67,919	\$84,295	\$114,563	\$88,404	\$66,080	\$90,094	\$104,988	\$111,728	\$54,180	\$76,659	\$120,893	\$98,640
Gas O&M expense per mile of pipe 2/	\$42,136	\$61,541	\$103,490	\$82,735	\$58,048	\$68,132	\$99,402	\$73,110	\$58,140	\$83,074	\$97,593	\$97,405	\$44,822	\$63,155	\$103,242	\$81,993
Gas operating income per mile of pipe 2/	\$2,611	\$4,796	\$7,171	\$6,918	\$3,186	\$5,983	\$8,008	\$6,324	\$1,153	\$3,015	\$7,422	\$8,596	\$2,611	\$4,796	\$7,938	\$6,946
Long-term debt - total assets ratio 1/	18.8%	22.8%	29.6%	23.2%	29.4%	31.3%	36.9%	33.0%	21.9%	33.5%	46.9%	36.3%	19.6%	26.4%	31.9%	26.5%
Long-term debt - total capitalization ratio 1/3/	33.7%	44.1%	49.1%	40.9%	47.9%	52.0%	57.4%	52.9%	26.2%	42.0%	51.8%	43.2%	37.8%	45.3%	51.3%	43.7%
Net interest - long-term debt ratio 1/	7.0%	8.4%	10.3%	9.7%	5.9%	6.3%	7.0%	6.6%	4.1%	4.7%	4.9%	4.3%	6.0%	7.7%	9.3%	8.5%
EBITDA interest coverage 1/	4.1x	5.5x	7.2x	5.9x	4.3x	5.0x	6.9x	5.5x	3.0x	4.3x	7.5x	6.1x	4.1x	5.2x	7.1x	5.8x
Return on assets	1.4%	2.5%	3.5%	2.2%	2.3%	2.7%	2.9%	2.4%	0.0%	1.9%	3.2%	1.4%	1.6%	2.5%	3.3%	2.2%
Gross sales margin per therm 4/	\$0.183	\$0.283	\$0.356	\$0.319	\$0.205	\$0.258	\$0.363	\$0.290	\$0.222	\$0.259	\$0.274	\$0.303	\$0.202	\$0.268	\$0.356	\$0.312
Gross sales margin per customer 4/	\$363	\$533	\$619	\$515	\$370	\$430	\$548	\$470	\$286	\$329	\$354	\$381	\$354	\$480	\$590	\$493

**Key:** LQ = Lower Quartile, MED = Median, UQ = Upper Quartile, AVG = Average

1/ Figures for combination utilities are necessarily based on combined gas and electric operations. Four municipal utilities are also combined gas-electric utilities.

2/ Miles of distribution pipes from US Department of Transportation.

3/ Total capitalization figure in this display includes preferred stock.

4/ Gross sales margin = operating revenues less total production costs

**NOTE:** Some ratios are not always normally distributed. Therefore, average ratio values may be subject to distortion by a few observations that are outliers.

**APPENDIX 4: GAS UTILITY O&M Detail**  
**Based on Segment Averages**

	Gas Utilities			Combination Utilities			Municipal Utilities			All Companies		
VALUES PER THERM	2004	2005	2006	2004	2005	2006	2004	2005	2006	2004	2005	2006
Gas-only revenues	\$0.7709	\$0.8479	\$0.8925	\$0.7254	\$0.8560	\$0.9173	\$0.9290	\$1.1216	\$1.1365	\$0.7773	\$0.8835	\$0.9203
Purchased-gas expense	\$0.4032	\$0.4567	\$0.4771	\$0.4636	\$0.6176	\$0.5576	\$0.6559	\$0.7141	\$0.8325	\$0.4428	\$0.5224	\$0.5272
Gross sales margin	\$0.2953	\$0.2710	\$0.3194	\$0.2587	\$0.2941	\$0.2903	\$0.2762	\$0.3325	\$0.3031	\$0.2853	\$0.2837	\$0.3116
Total production costs <sup>1</sup>	\$0.4755	\$0.5465	\$0.5730	\$0.4667	\$0.6061	\$0.6271	\$0.6527	\$0.7891	\$0.8334	\$0.4920	\$0.5892	\$0.6087
Storage & LNG	0.0044	0.0060	0.0059	0.0014	0.0019	0.0016	0.0123	0.0162	0.0023	0.0045	0.0064	0.0046
Transmission	0.0054	0.0083	0.0089	0.0077	0.0105	0.0054	0.0041	0.0010	0.0018	0.0058	0.0079	0.0075
Distribution	0.0417	0.0352	0.0437	0.0341	0.0409	0.0374	0.0482	0.0495	0.0552	0.0407	0.0382	0.0434
Customer accounts	0.0271	0.0263	0.0309	0.0248	0.0270	0.0271	0.0364	0.0327	0.0348	0.0276	0.0273	0.0304
Customer svc. & info.	0.0017	0.0022	0.0039	0.0074	0.0070	0.0092	0.0133	0.0116	0.0088	0.0042	0.0044	0.0055
Sales	0.0030	0.0024	0.0030	0.0025	0.0031	0.0031	0.0009	0.0012	0.0010	0.0026	0.0024	0.0028
Admin. & general	0.0582	0.0536	0.0624	0.0435	0.0541	0.0458	0.0613	0.0426	0.0694	0.0553	0.0523	0.0595
Total O&M	0.6005	0.6913	0.7316	0.5879	0.7507	0.7567	0.8292	0.9440	1.0066	0.6217	0.7353	0.7624
PERCENT OF REVENUE												
Gas-only revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Purchased-gas expense	52.3%	53.9%	53.5%	63.9%	72.2%	60.8%	70.6%	63.7%	73.3%	57.0%	59.1%	57.3%
Gross sales margin	38.3%	32.0%	35.8%	35.7%	34.4%	31.6%	29.7%	29.6%	26.7%	36.7%	32.1%	33.9%
Total production costs <sup>1</sup>	61.7%	64.4%	64.2%	64.3%	70.8%	68.4%	70.3%	70.4%	73.3%	63.3%	66.7%	66.1%
Storage & LNG	0.6%	0.7%	0.7%	0.2%	0.2%	0.2%	1.3%	1.4%	0.2%	0.6%	0.7%	0.5%
Transmission	0.7%	1.0%	1.0%	1.1%	1.2%	0.6%	0.4%	0.1%	0.2%	0.7%	0.9%	0.8%
Distribution	5.4%	4.2%	4.9%	4.7%	4.8%	4.1%	5.2%	4.4%	4.9%	5.2%	4.3%	4.7%
Customer accounts	3.5%	3.1%	3.5%	3.4%	3.2%	3.0%	3.9%	2.9%	3.1%	3.6%	3.1%	3.3%
Customer svc. & info.	0.2%	0.3%	0.4%	1.0%	0.8%	1.0%	1.4%	1.0%	0.8%	0.5%	0.5%	0.6%
Sales	0.4%	0.3%	0.3%	0.3%	0.4%	0.3%	0.1%	0.1%	0.1%	0.3%	0.3%	0.3%
Admin. & general	7.5%	6.3%	7.0%	6.0%	6.3%	5.0%	6.6%	3.8%	6.1%	7.1%	5.9%	6.5%
Total O&M	77.9%	81.5%	82.0%	81.1%	87.7%	82.5%	89.3%	84.2%	88.6%	80.0%	83.2%	82.8%
VALUES PER CUSTOMER												
Gas-only revenues	\$ 1,394	\$ 1,569	\$ 1,560	\$ 1,218	\$ 1,480	\$ 1,492	\$ 1,430	\$ 1,661	\$ 1,453	\$ 1,359	\$ 1,562	\$ 1,535
Purchased-gas expense	\$ 742	\$ 863	\$ 819	\$ 794	\$ 1,037	\$ 891	\$ 1,021	\$ 1,051	\$ 1,071	\$ 783	\$ 923	\$ 858
Gross sales margin	\$ 498	\$ 512	\$ 515	\$ 418	\$ 465	\$ 470	\$ 411	\$ 473	\$ 381	\$ 471	\$ 498	\$ 493
Total production costs <sup>1</sup>	\$ 896	\$ 1,057	\$ 1,044	\$ 800	\$ 1,015	\$ 1,022	\$ 1,019	\$ 1,188	\$ 1,072	\$ 888	\$ 1,064	\$ 1,042
Storage & LNG	\$ 9	\$ 10	\$ 9	\$ 2	\$ 3	\$ 3	\$ 21	\$ 29	\$ 3	\$ 9	\$ 11	\$ 7
Transmission	\$ 9	\$ 12	\$ 13	\$ 7	\$ 10	\$ 9	\$ 5	\$ 1	\$ 2	\$ 8	\$ 10	\$ 11
Distribution	\$ 67	\$ 64	\$ 67	\$ 56	\$ 67	\$ 58	\$ 76	\$ 72	\$ 70	\$ 66	\$ 66	\$ 65
Customer accounts	\$ 46	\$ 50	\$ 48	\$ 41	\$ 44	\$ 47	\$ 50	\$ 45	\$ 43	\$ 45	\$ 48	\$ 47
Customer svc. & info.	\$ 4	\$ 5	\$ 6	\$ 11	\$ 9	\$ 14	\$ 21	\$ 18	\$ 11	\$ 7	\$ 8	\$ 8
Sales	\$ 5	\$ 5	\$ 5	\$ 3	\$ 4	\$ 4	\$ 1	\$ 1	\$ 1	\$ 4	\$ 4	\$ 5
Admin. & general	\$ 100	\$ 102	\$ 106	\$ 73	\$ 87	\$ 76	\$ 86	\$ 61	\$ 86	\$ 93	\$ 94	\$ 98
Total O&M	\$ 1,135	\$ 1,305	\$ 1,299	\$ 995	\$ 1,239	\$ 1,232	\$ 1,279	\$ 1,416	\$ 1,290	\$ 1,119	\$ 1,305	\$ 1,284

1/ Purchased cost expense is subsumed within total production costs. **NOTE:** Figures may not add precisely due to independent rounding.

**APPENDIX 5: WAGES & BENEFITS  
2006 Data, 65 Utilities Reporting**

	Gas Utilities				Combination Utilities				Municipal Utilities				All Companies			
	45firms				14 firms				6 firms				65 firms			
	LQ	MED	UQ	AVG.	LQ	MED	UQ	AVG.	LQ	MED	UQ	AVG.	LQ	MED	UQ	AVG.
Average number of employees	215	545	1,380	900	214	692	1,465	1,268	192	332	656	578	211	560	1,370	940
Number of Employees at year-end	236	599	1,362	903	234	660	1,427	1,241	191	330	649	572	221	599	1,344	937
O&M wages ('000)	\$9,641	\$36,364	\$73,311	\$46,370	\$9,714	\$35,147	\$75,040	\$66,324	\$22,137	\$23,714	\$31,626	\$36,641	\$9,893	\$35,147	\$73,188	\$49,448
Construction wages ('000)	\$1,058	\$5,662	\$14,172	\$10,701	\$4,779	\$18,052	\$25,599	\$21,392	\$0	\$2,745	\$3,802	\$2,492	\$1,277	\$5,861	\$17,460	\$12,108
Total pensions ('000)	\$523	\$9,063	\$26,895	\$17,220	\$7,166	\$16,573	\$24,704	\$26,009	\$6,836	\$9,402	\$17,793	\$13,552	\$2,262	\$10,581	\$26,865	\$18,626
PER YEAR END EMPLOYEE:																
Total salary & wages	\$53,272	\$63,130	\$73,993	\$68,764	\$58,899	\$76,076	\$83,644	\$73,266	\$56,041	\$57,364	\$59,743	\$66,681	\$53,333	\$63,312	\$79,567	\$69,479
Tot. benefits & pension	\$11,080	\$19,407	\$26,575	\$17,883	\$15,059	\$24,998	\$31,264	\$24,092	\$18,115	\$21,176	\$24,816	\$22,475	\$14,013	\$20,199	\$27,053	\$19,481
Total salary, benefits, and pension	\$67,085	\$83,897	\$101,505	\$86,647	\$82,602	\$99,753	\$112,532	\$97,358	\$77,216	\$77,858	\$82,180	\$89,156	\$68,698	\$84,468	\$105,245	\$88,960
Ratio: avg. benefits to avg. compensation	15%	23%	27%	22%	20%	25%	27%	26%	23%	27%	32%	31%	18%	24%	28%	23%
Terms delivered per year-end employee	923,115	1,141,601	1,589,292	1,276,154	1,119,353	1,381,732	1,569,954	1,454,451	539,368	586,256	632,115	616,088	713,703	1,141,601	1,579,409	1,246,786
Customers per year-end employee	489	628	829	664	551	804	1,038	818	408	450	458	481	449	628	840	676

**NOTE:** Some ratios are not always normally distributed. Therefore, average ratio values may be subject to distortion by a few observations that are outliers.

Key: LQ = Lower Quartile, MED = Median, UQ = Upper Quartile, AVG = Average

**APPENDIX 6: GAS UTILITY FINANCIAL PERFORMANCE**

<i>Based on Segment Medians</i>	<b>Gas Utilities</b>			<b>Combination Utilities</b>			<b>Municipal Utilities</b>			<b>All Companies</b>		
	2004	2005	2006	2004	2005	2006	2004	2005	2006	2004	2005	2006
Asset Turnover	0.69X	0.71X	0.75X	0.39X	0.41X	0.41X	0.43X	0.47X	0.46X	0.57X	0.62X	0.57X
Financial Leverage	65.8%	69.9%	67.1%	70.1%	70.8%	69.8%	51.7%	46.1%	45.3%	66.1%	68.8%	67.7%
Debt/Equity Ratio	68.2%	70.7%	78.9%	102.3%	106.9%	110.4%	76.4%	79.6%	73.1%	79.7%	81.9%	84.0%
Equity Multiplier	2.97	3.22	3.12	3.37	3.66	3.33	2.13	2.24	2.19	2.99	3.19	3.15
Profit Margin	4.1%	3.5%	3.4%	5.9%	5.7%	6.1%	3.9%	5.4%	5.0%	4.3%	4.7%	4.0%
ROA	2.8%	2.5%	2.5%	2.9%	2.9%	2.7%	1.3%	2.9%	1.9%	2.7%	2.8%	2.5%
ROE	8.8%	8.2%	7.8%	8.7%	9.5%	8.4%	3.2%	5.1%	3.4%	8.2%	8.2%	8.1%
Current Ratio	0.94	0.96	0.82	1.06	1.16	1.00	2.01	2.99	2.75	1.00	1.02	0.92
Current Assets/Total Assets	20.7%	24.3%	19.0%	11.7%	13.7%	11.6%	25.0%	25.5%	23.7%	18.7%	23.5%	18.0%

<i>Based on Segment Averages</i>	<b>Gas Utilities</b>			<b>Combination Utilities</b>			<b>Municipal Utilities</b>			<b>All Companies</b>		
	2004	2005	2006	2004	2005	2006	2004	2005	2006	2004	2005	2006
Asset Turnover	0.71X	0.71X	0.73X	0.42X	0.46X	0.44X	0.43X	0.45X	0.43X	0.62X	0.62X	0.64X
Financial Leverage	61.5%	67.6%	65.1%	69.1%	70.3%	69.4%	47.1%	46.4%	48.1%	61.5%	67.6%	65.1%
Debt/Equity Ratio	74.3%	85.4%	82.6%	126.2%	127.8%	114.5%	119.1%	121.0%	123.2%	90.4%	99.3%	92.9%
Equity Multiplier	3.01	3.50	3.21	3.71	3.93	3.51	2.60	2.71	2.68	3.12	3.50	3.22
Profit Margin	6.2%	4.9%	4.6%	8.3%	5.1%	5.8%	3.7%	7.6%	2.1%	6.4%	5.3%	4.6%
ROA	3.1%	2.4%	2.2%	3.3%	2.5%	2.4%	1.7%	2.7%	1.4%	3.0%	2.5%	2.2%
ROE	8.3%	7.0%	5.9%	9.0%	9.1%	8.1%	3.0%	4.6%	4.8%	7.9%	7.2%	6.2%
Current Ratio	1.06	1.02	0.93	1.34	1.22	1.11	2.57	2.60	2.73	1.28	1.26	1.14
Current Assets/Total Assets	23.2%	26.6%	20.4%	12.9%	16.3%	11.8%	24.4%	25.3%	25.2%	21.0%	24.2%	19.1%

## APPENDIX 7a: GAS UTILITY INCOME STATEMENTS

Based on Segment Averages

### GAS-ONLY INCOME STATEMENT - Per Annual Therm Delivered

	Gas Utilities			Combination Utilities			Municipal Utilities			All Companies		
	2004	2005	2006	2004	2005	2006	2004	2005	2006	2004	2005	2006
Operating revenue	\$ 0.7709	\$ 0.8479	\$ 0.8925	\$ 0.7254	\$ 0.8560	\$ 0.9173	\$ 0.9290	\$ 1.1216	\$ 1.1365	\$ 0.7773	\$ 0.8835	\$ 0.9203
Operating expense	\$ 0.6005	\$ 0.6747	\$ 0.7139	\$ 0.5745	\$ 0.6969	\$ 0.7404	\$ 0.8031	\$ 0.9188	\$ 0.9861	\$ 0.6158	\$ 0.7096	\$ 0.7447
Maintenance expense	\$ 0.0164	\$ 0.0167	\$ 0.0177	\$ 0.0134	\$ 0.0151	\$ 0.0164	\$ 0.0261	\$ 0.0252	\$ 0.0204	\$ 0.0168	\$ 0.0174	\$ 0.0177
Total O&M	\$ 0.6170	\$ 0.6913	\$ 0.7316	\$ 0.5879	\$ 0.7120	\$ 0.7567	\$ 0.8292	\$ 0.9440	\$ 1.0066	\$ 0.6326	\$ 0.7270	\$ 0.7624
Depreciation	\$ 0.0393	\$ 0.0388	\$ 0.0433	\$ 0.0372	\$ 0.0397	\$ 0.0390	\$ 0.0375	\$ 0.0418	\$ 0.0453	\$ 0.0386	\$ 0.0394	\$ 0.0425
Depletion	\$ 0.0002	\$ 0.0002	\$ 0.0002	\$ 0.0007	\$ 0.0005	\$ 0.0008	\$ -	\$ -	\$ -	\$ 0.0003	\$ 0.0003	\$ 0.0003
Amortization	\$ 0.0013	\$ 0.0024	\$ 0.0029	\$ 0.0022	\$ 0.0033	\$ 0.0048	\$ 0.0009	\$ 0.0000	\$ -	\$ 0.0015	\$ 0.0023	\$ 0.0030
Prop. loss charged to operations	\$ 0.0000	\$ 0.0001	\$ 0.0001	\$ 0.0003	\$ -	\$ 0.0004	\$ -	\$ -	\$ -	\$ 0.0001	\$ 0.0001	\$ 0.0001
Total taxes	\$ 0.0514	\$ 0.0522	\$ 0.0494	\$ 0.0387	\$ 0.0423	\$ 0.0517	\$ 0.0168	\$ 0.0171	\$ 0.0198	\$ 0.0450	\$ 0.0457	\$ 0.0471
Other operating income	\$ 0.0001	\$ (0.0017)	\$ (0.0002)	\$ 0.0007	\$ (0.0000)	\$ (0.0011)	\$ 0.0022	\$ 0.0005	\$ 0.0033	\$ 0.0005	\$ (0.0010)	\$ (0.0001)
Total operating income	\$ 0.0616	\$ 0.0629	\$ 0.0650	\$ 0.0584	\$ 0.0582	\$ 0.0640	\$ 0.0446	\$ 0.1188	\$ 0.0648	\$ 0.0592	\$ 0.0687	\$ 0.0648

NOTE: "\$0.0000" indicates a value which, on a per-therm basis, is too small to be expressed within four significant digits.

### GAS-ONLY INCOME STATEMENT - Per Average Customer Served

	Gas Utilities			Combination Utilities			Municipal Utilities			All Companies		
	2004	2005	2006	2004	2005	2006	2004	2005	2006	2004	2005	2006
Operating revenue	\$ 1,394	\$ 1,569	\$ 1,560	\$ 1,218	\$ 1,441	\$ 1,492	\$ 1,430	\$ 1,661	\$ 1,453	\$ 1,359	\$ 1,552	\$ 1,535
Operating expense	\$ 1,109	\$ 1,277	\$ 1,271	\$ 973	\$ 1,173	\$ 1,207	\$ 1,239	\$ 1,378	\$ 1,264	\$ 1,092	\$ 1,267	\$ 1,257
Maintenance expense	\$ 27	\$ 28	\$ 27	\$ 22	\$ 25	\$ 26	\$ 41	\$ 38	\$ 26	\$ 27	\$ 28	\$ 27
Total O&M	\$ 1,135	\$ 1,305	\$ 1,299	\$ 995	\$ 1,198	\$ 1,232	\$ 1,279	\$ 1,416	\$ 1,290	\$ 1,119	\$ 1,295	\$ 1,284
Depreciation	\$ 67	\$ 66	\$ 69	\$ 62	\$ 66	\$ 62	\$ 56	\$ 59	\$ 58	\$ 65	\$ 65	\$ 66
Depletion	\$ 0	\$ 0	\$ 0	\$ 1	\$ 0	\$ 1	\$ -	\$ -	\$ -	\$ 0	\$ 0	\$ 1
Amortization	\$ 4	\$ 4	\$ 5	\$ 4	\$ 5	\$ 9	\$ 1	\$ 0	\$ -	\$ 3	\$ 4	\$ 6
Prop. loss charged to operations	\$ 0	\$ 0	\$ 0	\$ 1	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ 0	\$ 0	\$ 0
Total taxes	\$ 86	\$ 88	\$ 80	\$ 66	\$ 68	\$ 80	\$ 27	\$ 27	\$ 26	\$ 75	\$ 76	\$ 75
Other operating income	\$ 0	\$ (3)	\$ (1)	\$ 1	\$ (0)	\$ (0)	\$ 3	\$ 1	\$ 4	\$ 1	\$ (2)	\$ (1)
Total operating income	\$ 102	\$ 105	\$ 106	\$ 91	\$ 104	\$ 106	\$ 66	\$ 159	\$ 79	\$ 96	\$ 112	\$ 104

**APPENDIX 7a: GAS UTILITY INCOME STATEMENTS – Per Cost Driver (cont'd)**  
**Based on Segment Averages**

**GAS-ONLY INCOME STATEMENT - Per Dollar of Gas Plant**

	Gas Utilities			Combination Utilities			Municipal Utilities			All Companies		
	2004	2005	2006	2004	2005	2006	2004	2005	2006	2004	2005	2006
Operating revenue	\$ 0.6645	\$ 0.7222	\$ 0.6834	\$ 0.6352	\$ 0.7318	\$ 0.7544	\$ 0.7371	\$ 0.8398	\$ 0.7481	\$ 0.6656	\$ 0.7391	\$ 0.7047
Operating expense	\$ 0.5373	\$ 0.5942	\$ 0.5627	\$ 0.5134	\$ 0.5990	\$ 0.6115	\$ 0.6518	\$ 0.6765	\$ 0.6579	\$ 0.5440	\$ 0.6055	\$ 0.5820
Maintenance expense	\$ 0.0124	\$ 0.0124	\$ 0.0122	\$ 0.0109	\$ 0.0120	\$ 0.0114	\$ 0.0196	\$ 0.0186	\$ 0.0141	\$ 0.0128	\$ 0.0131	\$ 0.0122
Total O&M	\$ 0.5497	\$ 0.6065	\$ 0.5749	\$ 0.5243	\$ 0.6110	\$ 0.6229	\$ 0.6714	\$ 0.6951	\$ 0.6720	\$ 0.5567	\$ 0.6186	\$ 0.5942
Depreciation	\$ 0.0303	\$ 0.0296	\$ 0.0294	\$ 0.0324	\$ 0.0337	\$ 0.0287	\$ 0.0266	\$ 0.0271	\$ 0.0271	\$ 0.0304	\$ 0.0302	\$ 0.0290
Depletion	\$ 0.0002	\$ 0.0002	\$ 0.0002	\$ 0.0005	\$ 0.0003	\$ 0.0006	\$ -	\$ -	\$ -	\$ 0.0002	\$ 0.0002	\$ 0.0002
Amortization	\$ 0.0015	\$ 0.0016	\$ 0.0021	\$ 0.0017	\$ 0.0024	\$ 0.0084	\$ 0.0003	\$ 0.0000	\$ -	\$ 0.0014	\$ 0.0016	\$ 0.0033
Prop. loss charged to operations	\$ 0.0000	\$ 0.0000	\$ 0.0000	\$ 0.0003	\$ -	\$ 0.0003	\$ -	\$ -	\$ -	\$ 0.0001	\$ 0.0000	\$ 0.0001
Total taxes	\$ 0.0398	\$ 0.0401	\$ 0.0351	\$ 0.0328	\$ 0.0335	\$ 0.0402	\$ 0.0125	\$ 0.0124	\$ 0.0133	\$ 0.0354	\$ 0.0352	\$ 0.0342
Other operating income	\$ 0.0002	\$ (0.0008)	\$ (0.0007)	\$ 0.0008	\$ (0.0000)	\$ 0.0031	\$ 0.0018	\$ 0.0005	\$ 0.0017	\$ 0.0005	\$ (0.0005)	\$ 0.0003
Total operating income	\$ 0.0430	\$ 0.0441	\$ 0.0417	\$ 0.0433	\$ 0.0509	\$ 0.0533	\$ 0.0263	\$ 0.1051	\$ 0.0357	\$ 0.0413	\$ 0.0533	\$ 0.0436

NOTE: "\$0.0000" indicates a value which, on a per \$gas plant basis, is too small to be expressed within four significant digits.

**GAS-ONLY INCOME STATEMENT - Per Mile of Distribution Pipe**

	Gas Utilities			Combination Utilities			Municipal Utilities			All Companies		
	2004	2005	2006	2004	2005	2006	2004	2005	2006	2004	2005	2006
Operating revenue	\$ 85,099	\$ 109,015	\$ 100,146	\$ 76,882	\$ 104,098	\$ 88,404	\$ 100,343	\$ 112,192	\$ 111,728	\$ 84,866	\$ 108,379	\$ 98,640
Operating expense	\$ 66,365	\$ 87,738	\$ 80,938	\$ 61,070	\$ 85,589	\$ 71,538	\$ 86,733	\$ 92,569	\$ 95,129	\$ 67,325	\$ 87,896	\$ 80,201
Maintenance expense	\$ 1,686	\$ 1,989	\$ 1,797	\$ 1,395	\$ 1,804	\$ 1,573	\$ 3,326	\$ 2,730	\$ 2,276	\$ 1,793	\$ 2,044	\$ 1,793
Total O&M	\$ 68,051	\$ 89,727	\$ 82,735	\$ 62,464	\$ 87,393	\$ 73,110	\$ 90,059	\$ 95,298	\$ 97,405	\$ 69,118	\$ 89,940	\$ 81,993
Depreciation	\$ 4,054	\$ 4,493	\$ 4,065	\$ 3,845	\$ 4,555	\$ 3,857	\$ 3,825	\$ 3,878	\$ 4,083	\$ 3,983	\$ 4,428	\$ 4,021
Depletion	\$ 73	\$ 74	\$ 68	\$ 75	\$ 65	\$ 96	\$ -	\$ -	\$ -	\$ 66	\$ 63	\$ 68
Amortization	\$ 258	\$ 270	\$ 391	\$ 229	\$ 195	\$ 411	\$ 171	\$ 0	\$ -	\$ 242	\$ 220	\$ 359
Prop. loss charged to operations	\$ 5	\$ 13	\$ 14	\$ 58	\$ -	\$ 67	\$ -	\$ -	\$ -	\$ 16	\$ 9	\$ 25
Total taxes	\$ 6,069	\$ 6,841	\$ 5,953	\$ 4,125	\$ 4,768	\$ 4,540	\$ 1,666	\$ 1,659	\$ 1,644	\$ 5,171	\$ 5,746	\$ 5,229
Other operating income	\$ 12	\$ (235)	\$ (66)	\$ 60	\$ (1)	\$ (212)	\$ 300	\$ 53	\$ 559	\$ 53	\$ (149)	\$ (39)
Total operating income	\$ 6,590	\$ 7,596	\$ 6,918	\$ 6,084	\$ 7,121	\$ 6,324	\$ 4,622	\$ 11,356	\$ 8,596	\$ 6,270	\$ 7,972	\$ 6,946

## APPENDIX 7b: GAS UTILITY FINANCIAL RATIOS

Based on Segment Averages

Stratified by Type of Company

	Gas Utilities			Combination Utilities			Municipal Utilities			All Companies		
	2004	2005	2006	2004	2005	2006	2004	2005	2006	2004	2005	2006
Therms delivered (avg.) per acct.	2,093	2,110	1,988	1,791	1,966	1,831	1,577	1,493	1,286	1,972	2,003	1,889
Therms per \$1,000 of gas plant	1,028	1,029	902	982	1,065	1,104	860	783	697	1,000	1,007	927
Value of gas plant per customer	\$ 2,241	\$ 2,258	\$ 2,417	\$ 1,971	\$ 2,041	\$ 2,146	\$ 2,093	\$ 2,128	\$ 2,113	\$ 2,166	\$ 2,195	\$ 2,330
%Sales firm (not interruptible)	90%	90%	89%	98%	97%	98%	82%	83%	85%	91%	91%	91%
Collection period (days)	1/ 37.1	47.2	36.3	28.6	31.8	27.8	40.4	39.7	33.5	35.5	42.9	34.2
Gas O&M expense as pct. of revenue	81%	82%	83%	82%	83%	82%	90%	83%	89%	82%	83%	83%
Gas oper. income as pct. of revenue	7%	7%	7%	7%	7%	7%	4%	12%	5%	7%	8%	7%
Gas operating revenue per customer	\$ 1,394	\$ 1,569	\$ 1,560	\$ 1,218	\$ 1,441	\$ 1,492	\$ 1,430	\$ 1,661	\$ 1,453	\$ 1,359	\$ 1,552	\$ 1,535
Gas O&M expense per customer	\$ 1,135	\$ 1,305	\$ 1,299	\$ 995	\$ 1,198	\$ 1,232	\$ 1,279	\$ 1,416	\$ 1,290	\$ 1,119	\$ 1,295	\$ 1,284
Gas operating income per customer	\$ 102	\$ 105	\$ 106	\$ 91	\$ 104	\$ 106	\$ 66	\$ 159	\$ 79	\$ 96	\$ 112	\$ 104
Gas revenue per dollar of gas plant	\$ 0.6645	\$ 0.7222	\$ 0.6834	\$ 0.6352	\$ 0.7318	\$ 0.7544	\$ 0.7371	\$ 0.8398	\$ 0.7481	\$ 0.6656	\$ 0.7391	\$ 0.7047
Gas O&M expense per \$ of gas plant	\$ 0.5497	\$ 0.6065	\$ 0.5749	\$ 0.5243	\$ 0.6110	\$ 0.6229	\$ 0.6714	\$ 0.6951	\$ 0.6720	\$ 0.5567	\$ 0.6186	\$ 0.5942
Gas oper. income per \$ of gas plant	\$ 0.0430	\$ 0.0441	\$ 0.0417	\$ 0.0433	\$ 0.0509	\$ 0.0533	\$ 0.0263	\$ 0.1051	\$ 0.0357	\$ 0.0413	\$ 0.0533	\$ 0.0436
Gas revenue per mile of pipe	2/ \$ 85,099	\$ 109,015	\$ 100,146	\$ 76,882	\$ 104,098	\$ 88,404	\$ 100,343	\$ 112,192	\$ 111,728	\$ 84,866	\$ 108,379	\$ 98,640
Gas O&M expense per mile of pipe	2/ \$ 68,051	\$ 89,727	\$ 82,735	\$ 62,464	\$ 87,393	\$ 73,110	\$ 90,059	\$ 95,298	\$ 97,405	\$ 69,118	\$ 89,940	\$ 81,993
Gas oper. income per mile of pipe	2/ \$ 6,590	\$ 7,596	\$ 6,918	\$ 6,084	\$ 7,121	\$ 6,324	\$ 4,622	\$ 11,356	\$ 8,596	\$ 6,270	\$ 7,972	\$ 6,946
LT debt - total assets ratio	1/ 22.2%	22.5%	23.2%	33.1%	31.3%	33.0%	33.2%	33.2%	36.3%	25.8%	25.8%	26.5%
LT debt - total capitalization ratio	1/3/ 37.0%	40.1%	40.9%	52.5%	52.6%	52.9%	39.1%	40.2%	43.2%	40.7%	42.9%	43.7%
Net interest - long-term debt ratio	1/ 8.1%	8.6%	9.7%	6.9%	6.9%	6.6%	5.3%	4.4%	4.3%	7.5%	7.7%	8.5%
EBITDA interest coverage	1/ 8.6x	8.9x	5.9x	5.9x	5.8x	5.5x	5.0x	5.8x	6.1x	7.6x	7.9x	5.8x
Return on assets	3.1%	2.4%	2.2%	3.3%	3.1%	2.4%	1.7%	2.7%	1.4%	3.0%	2.6%	2.2%

1/ Figures for combination utilities are necessarily based on combined gas and electric operations.

2/ Miles of distribution pipes and services combined. Starting in 2004, services are excluded from the pipe calculation

3/ Total capitalization figure in this display includes preferred stock.

**NOTE:** Some ratios are not always normally distributed. Therefore, average ratio values may be subject to distortion by a few observations that are outliers.

**APPENDIX 8: GAS UTILITY WAGES AND BENEFITS**  
**Based on Segment Averages**

Stratified by Type of Company

	Gas Utilities			Combination Utilities			Municipal Utilities			All Companies		
	2004	2005	2006	2004	2005	2006	2004	2005	2006	2004	2005	2006
Average number of employees	759	826	900	973	1,084	1,268	435	425	578	773	829	940
Number of Employees at year-end	785	843	903	995	1,099	1,241	459	457	572	797	848	937
O&M wages ('000)	\$36,226	\$41,633	\$46,370	\$48,164	\$58,656	\$66,324	\$23,262	\$21,756	\$36,641	\$37,515	\$42,695	\$49,448
Construction wages ('000)	\$8,478	\$9,716	\$10,701	\$15,815	\$16,177	\$21,392	\$1,303	\$2,159	\$2,492	\$9,352	\$10,117	\$12,108
Total pensions ('000)	\$12,053	\$14,095	\$17,220	\$14,759	\$19,543	\$26,009	\$8,185	\$8,024	\$13,552	\$12,249	\$14,471	\$18,626
PER EMPLOYEE(1/):												
Total salary & wages	\$60,774	\$64,565	\$68,764	\$64,524	\$64,099	\$73,266	\$54,362	\$52,170	\$66,681	\$60,892	\$62,854	\$69,479
Tot. benefits & pension	\$15,560	\$16,830	\$17,883	\$17,849	\$22,642	\$24,092	\$14,767	\$15,281	\$22,475	\$15,969	\$17,793	\$19,481
Total salary, benefits, and pension	\$76,334	\$80,022	\$86,647	\$82,372	\$86,742	\$97,358	\$69,129	\$67,450	\$89,156	\$76,861	\$79,749	\$88,960
Ratio: avg. benefits to avg. compensation	20.0%	23.2%	21.6%	22.5%	24.5%	25.7%	25.8%	26.5%	31.4%	21.1%	23.8%	23.2%
Therms sold per year-end employee	1,215,866	1,314,237	1,276,154	1,463,508	1,403,786	1,454,451	779,549	726,518	616,088	1,222,241	1,254,449	1,246,786
Customers per year-end employee	587	639	664	799	650	818	492	526	481	622	627	676

1/ year-end employees



## APPENDIX 9: Companies Studied

GAS IOUs	Years Reported			GAS IOUs (cont.)	Years Reported		
	2004	2005	2006		2004	2005	2006
AGL Resources	X	X	X	Southwest Gas Corporation	X	X	X
Aquila Networks		X	X	Southwestern Virginia Gas Co.	X	X	X
Arkansas Oklahoma Gas Corp	X	X	X	Union Oil & Gas Co.	X	X	X
Arkansas Western Gas Company	X	X	X	Vermont Gas	X	X	X
Atmos Energy Corporation	X	X	X	Washington Gas Light Company	X	X	X
Berkshire Gas Company	X	X	X	Yankee Gas Services Company	X	X	X
Centerpointe Energy - Minnesota Gas Co	X	X	X				
Centerpointe Energy - Southern Gas - Arkla	X	X	X				
Centerpointe Energy - Southern Gas - Entex	X	X	X	<b>COMBINATION IOUs</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Citizens Gas & Coke Utility	X	X		Ameren Corp.	X	X	X
Citizens Gas Fuel Company	X			Avista Corp	X	X	X
City Gas Company - WI	X			Baltimore Gas & Electric Co.	X	X	X
Corning Natural Gas Corp	X	X	X	Central Hudson Gas & Electric Corp.	X	X	X
Delta Natural Gas Company	X	X	X	Consumers Energy	X	X	X
Dominion Peoples	X	X	X	DTE Energy	X	X	X
Dominion East Ohio Gas Company	X	X	X	Florida Public Utilities Company	X	X	X
Enstar Natural Gas Company	X	X	X	Gainesville Regional Utilities	X	X	X
Equitable Resources, Inc.	X	X	X	Missouri Public Service	X	X	X
Gasco, Inc (BHP Gas Co)	X			Pacific Gas & Electric	X	X	X
				PECO Energy Company (consolidated)	X	X	X
Hope Gas, Inc.	X	X	X	Public Service Company of Colorado	X		
Illinois Gas Company	X	X	X	Public Service Enterprises	X		X
Indiana Gas Company, Inc.	X	X	X	Puget Sound Energy	X	X	X
Intermountain Gas Company	X	X	X	Southern Indiana Gas & Elec Co	X	X	X
KeySpan Energy Delivery - NYC	X	X	X	St. Joseph Light & Power	X	X	
KeySpan Energy Delivery New England	X	X	X	UGI Utilities, Inc.	X	X	X
KeySpan Gas East - LILCO	X	X	X	WE Energies	X	X	X
Laclede Gas Company	X	X	X				
Michigan Consolidated Gas Co	X		X	<b>MUNICIPALS</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Michigan Gas Utilities	X	X		Colorado Springs Utilities	X	X	X
Mobile Gas Service Corporation	X	X	X	Knoxville Utilities Board	X	X	X
Mountaineer Gas		X		Memphis Light, Gas & Water Div	X	X	X
National Fuel Gas Company	X	X	X	Metropolitan Util Dist-Omaha	X	X	X
New Jersey Natural Gas Company	X	X	X	Middle Tenn Nat Gas Util Dist	X	X	X
Nicor Gas And Sub Companies	X	X	X	Owatonna Public Utilities	X	X	
North Shore Gas Company	X	X	X	Philadelphia Gas Works	X	X	X
Northern Indiana Fuel And Light	X	X		Richmond Dept. of Pub. Util., City of	X	X	
Northwest Natural Gas Company	X	X	X	San Antonio Public Service Board		X	
NSTAR Gas	X	X	X				
Ohio Gas Company	X	X	X				
Ohio Valley Gas Corporation	X						
Ohio Valley Gas Inc.	X						
Oklahoma Natural Gas	X	X	X				
Peoples Gas Light & Coke Company	X	X	X				
Peoples Gas System, Inc.	X	X	X				
Peoples Natural Gas Company (Omaha)	X						
Piedmont Natural Gas Company	X	X	X				
Questar Gas Company	X	X	X				
Semco Energy (S.E. Michigan)	X	X	X				